EDMONTON

2008
ANNUAL REPORT

The City of Edmonton
Alberta, Canada

For the year ended December 31, 2008

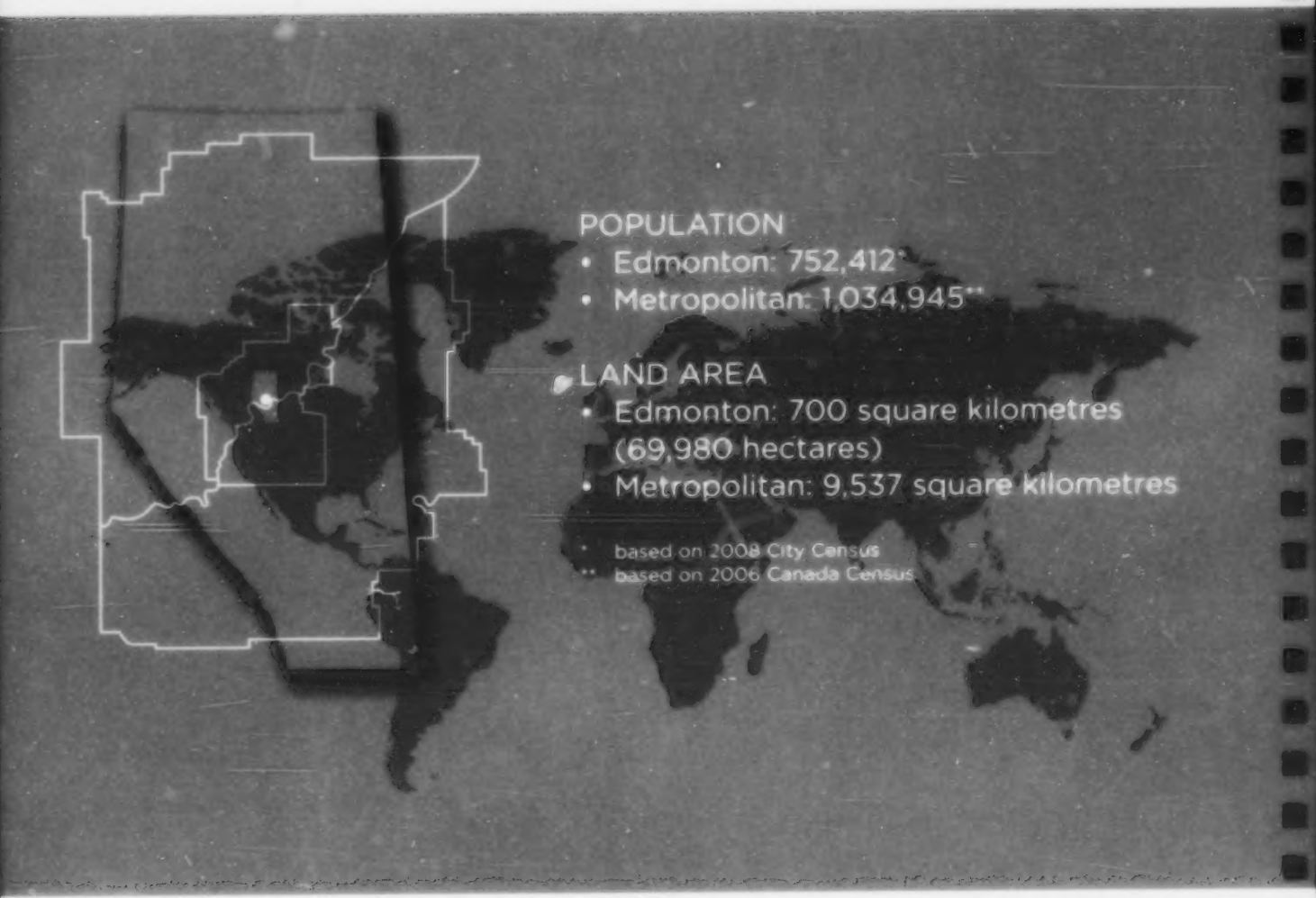

POPULATION
• Edmonton: 752,412*
• Metropolitan: 1,034,945**
LAND AREA
• Edmonton: 700 square kilometres (69,980 hectares)
• Metropolitan: 9,537 square kilometres
* based on 2008 City Census
** based on 2006 Canada Census

TABLE OF CONTENTS

INTRODUCTORY INFORMATION	
Edmonton Snapshot	2
Economic Climate	4
Message from City Council	6
Message from the City Manager	7
Political and Administrative Structure	8
2008 Highlights and Achievements	12
Financial Statement Discussion and Analysis	14
FINANCIAL INFORMATION	
Management's Report	32
Auditors' Report	33
Consolidated Financial Statements	34
SCHEDULES & STATISTICS	
Statistical Review for the Years 2004 to 2008	66
Related Boards and Authorities	72

2008 Annual Report
The City of Edmonton, Alberta, Canada

OUR MISSION

The City of Edmonton focuses on:

- the delivery of effective, efficient and citizen-oriented services
- sound leadership and teamwork
- responsible use of resources (financial, people and assets)

Edmonton offers all the amenities of a major urban centre plus a family friendly environment that is safe, stimulating and rich with opportunity.

EDMONTON SNAPSHOT

A capital city in every sense of the word, Edmonton offers Canada's best combination of economic resilience and excellent quality of life.

The nation's sixth largest census metropolitan area and North America's northernmost with a population over one million, Edmonton offers all the amenities of a major urban centre plus a family friendly environment that is safe, stimulating and rich with opportunity.

Strategically located in the centre of energy-rich Alberta, Edmonton entered the economic volatility of 2008 buoyed by five previous years as the nation's fastest growing municipal centre. With residents whose roots extend all around the world, the region is home to the range of talent needed to thrive in a global marketplace where creativity is king. Excellent schools, post-secondary institutions and lifelong learning opportunities support an increasingly diversified economy with leading-edge research and development in sectors ranging from health care to nanotechnology to trades and new media.

Scenically sited astride the North Saskatchewan River, Edmonton's signature assets include inviting riverside paths and playgrounds that together form North America's largest urban park. Globally acclaimed for its environmental leadership, the City has a waste management centre of excellence that includes the world's largest composting facility of its type.

There's always something to enjoy in this Festival City, whose sunny four-season climate invites activities ranging from ice skating and cross country skiing to soccer and swimming. Home to the national league Edmonton Oilers and Edmonton Eskimos, this community also offers a rich array of grassroots sporting opportunities. Shopping options range from the world's first mega shopping experience, West Edmonton Mall, to a growing network of market gardens and locally designed goods.

A vibrant arts and culture scene includes 35-plus festivals, more than 60 art galleries, dozens of theatres, and companies devoted to symphony, opera, ballet, vocal and dance. Thanks to an outstanding volunteer spirit, Edmonton regularly hosts major international competitions and events, including the 2008 IBAF World Junior AAA Baseball Championships. An expanding downtown cultural district includes the acoustically outstanding Winspear Centre, the multi-stage Citadel Theatre and the Art Gallery of Alberta, whose Randall Stout design, set for unveiling in 2010, will embody Edmonton's confidence as a world-class city.

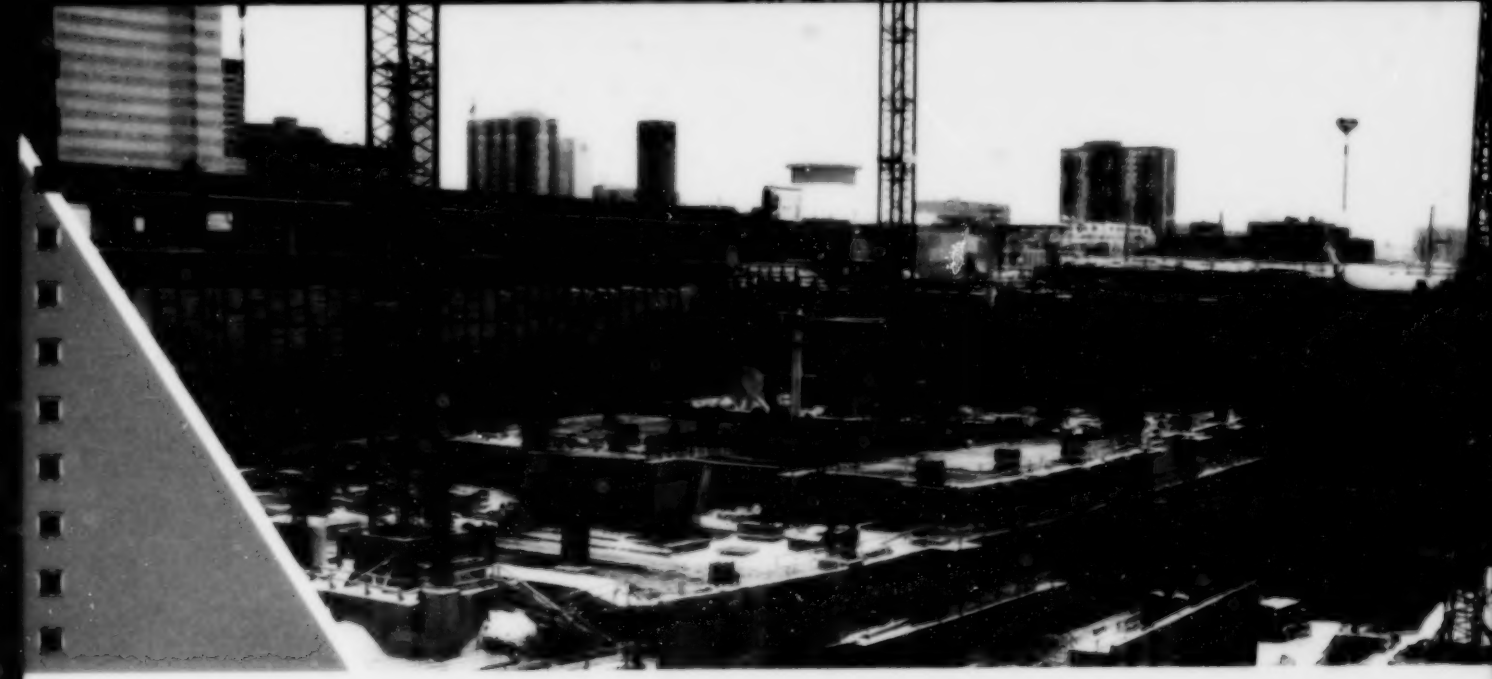
Edmonton recorded Canada's second lowest unemployment rates at the end of 2008.

ECONOMIC CLIMATE

Amid the seismic shift in the global economy that marked 2008, Edmonton charted a steady course, proving resilient despite financial market uncertainty.

Strong fundamentals remain in place, including the region's strategic position as supply centre to the oil sands just hours to the north. With proven reserves of 174 billion barrels, second only to Saudi Arabia, Alberta is increasingly recognized as one of the world's largest and most politically stable sources of oil.

There is no doubt that the recession, with its 40 per cent drop in oil prices from summer to year-end, has an impact on the Edmonton region – but not so harshly as elsewhere. A slip from first place to fifth in the CIBC World Markets rating is coupled with the news that the absolute level of activity in our city remains above average.



Equally significant in light of the coming shift away from fossil fuels, Edmonton is maturing as a diverse economy, including a burgeoning eco-industry that is capitalizing on Edmonton's technological talent and its passion for environmental leadership.

Proven expertise in health care, education, advanced technology, financial services and investment management signal our establishment as a knowledge centre. Meanwhile, plans for the inland trade and transportation hub Port Alberta will position our region to become a magnet for global trade by air, rail and road.

Of all the jobs created in Canada in 2008, Alberta claimed 37 per cent and 16,600 were in the Edmonton region. As a result, Edmonton recorded Canada's second lowest unemployment rates at the end of 2008.

The region's residents continue to enjoy higher than the average national personal incomes, some of the lowest overall taxes in Canada and no provincial sales tax. At the civic level, thanks to responsible fiscal management and the use of other sources of revenue, only 4 per cent of a typical household's total taxes goes toward the municipality.

Edmonton's economy is projected to fare better than most regions in Canada over the foreseeable future, thanks to such factors as oilsands activity and provincial infrastructure spending. Slower growth will have the positive effect of reducing inflationary pressures and allowing supply to catch up with demand in jobs and housing.

MESSAGE FROM CITY COUNCIL

City Council (elected October 15, 2007)
Back row (left to right): Dave Thiele, Ben Henderson, Ron Hayter, Don Iveson, Ed Gibbons, Bryan Anderson, Tony Caterina
Front row (left to right): Amarjeet Sohi, Karen Leibovici, Jane Batty, Mayor Stephen Mandel, Kim Krushell, Linda Sloan

The City experienced some ups and downs in 2008. In January, it appeared that our economic growth would know no bounds, but times have changed. Thanks to our long-term planning process, we're prepared to weather current market fluctuations.

There's no question, today's economy certainly presents us with challenges, but we're committed to staying the course we set in our Strategic Plan. We've moved forward in a number of areas. On the transportation front, we made inroads on infrastructure concerns, traffic safety, and our promotion of green modes of transport. In the area of recycling, we're world leaders. This year we announced the first industrial-scale facility to produce biofuels from municipal solid waste.

Although phenomenal growth in all sectors was a heady experience for the entire city, lack of affordable housing was one of the downsides of that growth. Finding affordable housing is always a challenge, but it's particularly difficult to find when rents are up and vacancies are down. Through our Cornerstones Plan, almost 1,000 affordable housing units came on-stream this year.

We, on City Council, are proud of our commitment to this city, and we consider it a privilege to play a small part in ensuring that Edmonton remains a terrific place to raise a family, a wonderful place to visit, and a first-rate place in which to do business.

MESSAGE FROM THE CITY MANAGER

City Manager Al Maurer, P.Eng.

The economic picture at the end of 2008 was very different than it was when the year began. Seldom has the world seen its economic situation change so quickly.

Our organization, fortunately, is in a position to make quick adjustments. Over the past few years we have put financial strategies, such as the Financial Stabilization Reserve, in place to allow us to navigate the challenges before us today.

We have also undergone an important organizational realignment to become a more future-oriented, change-ready organization. In 2008, the City's Administration worked with City Council to develop a vision and strategic plan that will guide and align our business planning for the future.

We have undertaken a review of our Transportation Master Plan and Municipal Development Plan, which will be integrated into the Capital Region Plan, another significant achievement that will be finalized in 2009.

Citizens and business rely on their municipality to deliver services no matter what the world's economic situation brings. Businesses need us to build our transportation systems to keep people and goods moving. Residents continue to expect the quality of life that Edmonton has always offered, with convenient recreation facilities, abundant parks and amenities in their neighbourhoods.

Edmonton has earned a reputation as one of North America's premier mid-sized cities, a centre of population growth and a very desirable place to live and do business.

The City of Edmonton continues to look to the future, to plan, adapt and grow so that we can continue to deliver the best in municipal services to our citizens.

A.B. Maurer, P.Eng.
City Manager

April 1, 2009

Hundreds of citizens play valuable roles as members of commissions, agencies, boards and authorities that provide leadership and advice about vital aspects of our City.

POLITICAL AND ADMINISTRATIVE STRUCTURE

City Council

Edmonton is governed by an elected City Council comprised of a Mayor and 12 Councillors. Together they provide leadership and direction to the City Manager and City administration.

The city is divided into six wards, with each voter able to choose two Councillors as well as the Mayor. Elections are held every three years; the most recent of which was held on October 15, 2007.

City Council meetings are held two to three times a month. City Council has a number of standing committees that meet regularly. Meetings are open to the public.

City Manager

Appointed by City Council as Chief Administrative Officer, the City Manager implements City Council policies and manages day-to-day operations to ensure that citizens have access to the essential services needed in a livable city. Al Maurer has served in this position for nine years, leading with experience and dedication. Under his leadership are now seven departments and a number of corporate offices administered by a Deputy City Manager.

Office of the City Auditor

Appointed by and accountable to City Council, the City Auditor performs the key roles of guardian and agent of change, providing independent reviews of civic departments and programs through audits and other studies.

EPCOR Utilities Inc. (EPCOR)

EPCOR is one of Canada's top providers of power and water-related services and products. EPCOR builds, owns and operates power plants, electrical transmission and distribution networks, water and wastewater treatment facilities and infrastructure, and provides energy and water services and products to its residential and commercial customers. With $7.0 billion in assets, EPCOR is headquartered in Edmonton and operates in Canada and the United States.

The City is EPCOR's sole common shareholder and City Council appoints the utility's Board of Directors and Chairman.

Police

The Edmonton Police Commission includes seven citizens, appointed by City Council, and two City Councillors. The Police Commission oversees the Edmonton Police Service, including allocating funds provided in its annual operating budget to maximize the Police Service's community-based approach to enhancing safety and combating crime.

Library

The Edmonton Public Library operates under the authority of the Libraries Act of Alberta and is governed by a 10-member City Council-appointed Board, comprised of nine citizens and one City Councillor. Library services are offered from a main location downtown and 16 additional branches.

POLITICAL AND ADMINISTRATIVE STRUCTURE

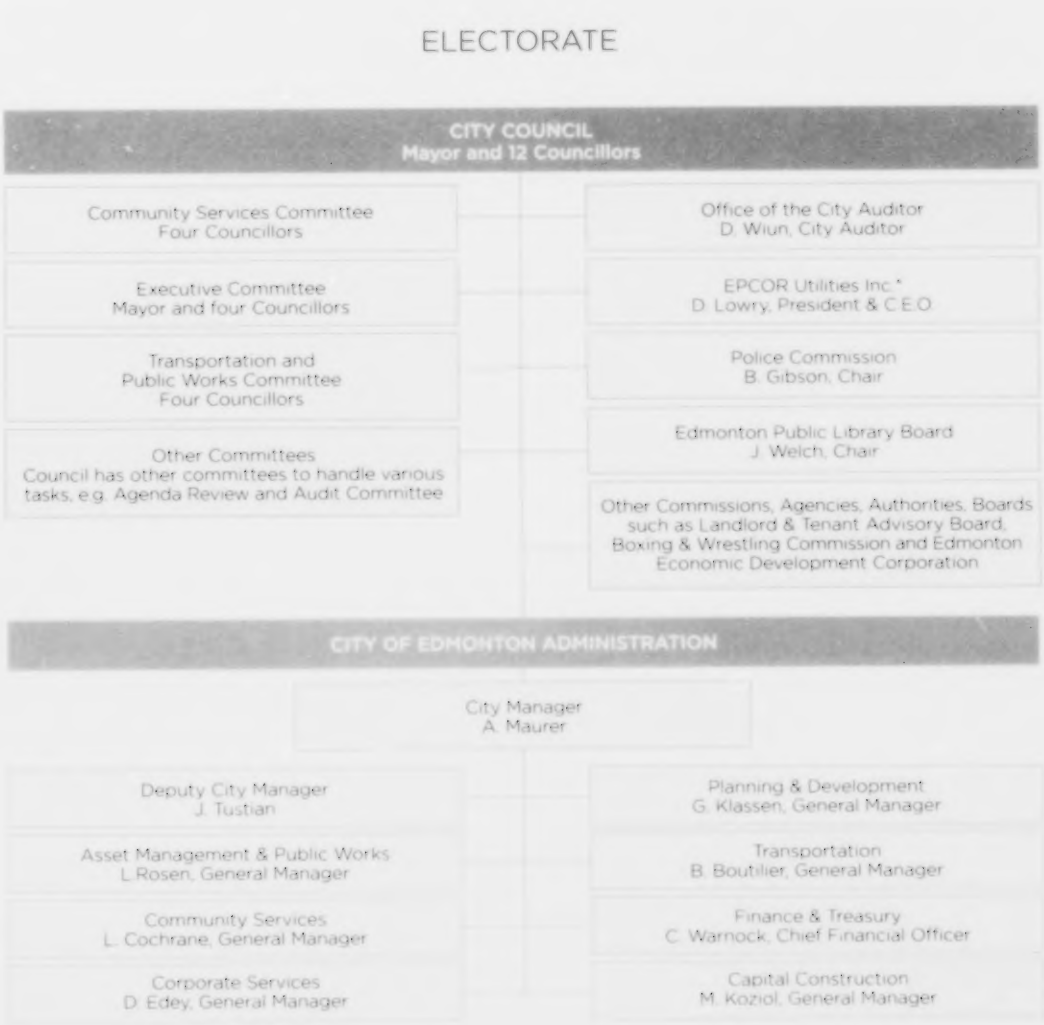
Edmonton Economic Development Corporation

Edmonton Economic Development Corporation (EEDC) is a wholly-owned subsidiary of the City of Edmonton. EEDC is responsible for regional economic development, tourism marketing, and the operation of Shaw Conference Centre and Edmonton Research Park. It reports to a 15-member Board of Directors, appointed from both the private and public sector by City Council. The Board includes Edmonton's Mayor.

Other Boards

In addition to the boards named above, hundreds of citizens play valuable roles as members of commissions, agencies, boards and authorities that provide leadership and advice about vital aspects of our City. Areas addressed by those bodies include business development, assessment, transportation, housing and historical preservation. Most citizens volunteer their services, evidence of the vibrant volunteerism for which Edmonton is internationally known.

LEGISLATIVE AND ADMINISTRATIVE ORGANIZATION CHART



* EPCOR Utilities Inc. is a wholly-owned subsidiary of the City of Edmonton.

Edmonton ranks as a world leader in recycling, diverting about 60 per cent of waste from the landfill.

2008 HIGHLIGHTS AND ACHIEVEMENTS

Guided by its 10-year strategic goals, the City of Edmonton completed or partnered on many initiatives or activities to the benefit of our community.

Preserving and Sustaining Edmonton's Environment

Edmonton received top ranking among large cities in the third annual Corporate Knights Magazine listing of Most Sustainable Cities in Canada. The City is saluted in particular for its low unemployment rate, high economic security and use of inclining block pricing to encourage water conservation.

Named a top 2008 project by Alberta Construction Magazine, the new Lois Hole Library in Edmonton's west end meets the Canadian Green Building Council's LEED Silver requirements and is pursuing Gold. The library's sustainable features include the use of filtered roof runoff to flush toilets. Other civic projects aiming for LEED certification include the new Animal Services Facility, the Southwest Transit Garage and the Southwest Community Recreation Centre.

GEEP Alberta, Western Canada's most advanced electronic waste recycling facility, opened at the world-renowned Edmonton Waste Management Centre.

Improving Edmonton's Livability

Edmonton Police Service are adding a second helicopter to meet increased demand for air support and to ensure uninterrupted service when Air1 requires maintenance.

Construction began on the new Southwest Community Recreation Centre, which will include Alberta's first four-pad arena complex. The Peter Hemingway Fitness and Leisure Centre and the Central Lions Seniors Recreation Centre also received significant upgrades.

Citizens gained three-digit access (311) to information about the City of Edmonton, with interpreters available in numerous languages.

Shifting Transportation Modes

Edmonton's new Transportation Master Plan passed first reading in November, setting the stage for public hearings in spring 2009. Developed in coordination with the Municipal Development Plan and in light of the City Vision, *The Way We Move* provides an overall vision for Edmonton's transportation system to 2040.

The first of 37 sleek new SD160 LRT vehicles arrived to begin service in early 2009. The air conditioned cars will improve security, cut maintenance costs and reduce fuel use through regenerative breaking and other energy saving technologies. These are the first LRT vehicles added to the fleet since 1983.

Edmonton Transit celebrated 100 years of service by inviting Edmontonians to "Join the Ride of the Century." Events throughout the year honoured transit's important role in our evolving city.

Transforming Urban Form

Edmonton won a national award from the Institute of Public Administration of Canada for innovative management of roads, sewers, bridges, LRT lines and other infrastructure. Among the first cities in the country to launch an infrastructure office, Edmonton has built a process that attracts international study and regard.

Council approved a long-term strategy for renewing neighbourhood roads, sidewalks and streetlights, funded through a combination of property taxes, provincial funding and cost sharing with property owners.

Supporting Entrepreneurial Innovation

TEC Edmonton, a joint venture between EEDC and the University of Alberta, added seven new ventures to its portfolio to support the growth of early stage financing through the iNovia Seed Fund. Among 2008 success stories is Exciton Technologies, which gained $2.5 million from angel investors and granting agencies for silver technology that promises to prevent infection and the spread of disease.

"The City of Edmonton has a well-established reputation as an innovator in the area of infrastructure and municipal finance."

Canada West Foundation - 2008 *Delivering the Goods*

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

Craig Warnock, CMA, FCSI, FCMA
Chief Financial Officer and Treasurer

The 2008 Annual Report includes the consolidated financial statements for the City of Edmonton (the City), prepared in accordance with the standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). Deloitte & Touche LLP have provided the accompanying Auditors' Report. The financial statements and auditors' report satisfy a legislative reporting requirement as set out in the *Municipal Government Act* (MGA) of Alberta.

The Annual Report also serves as an opportunity to communicate with stakeholders and other report users regarding the City's 2008 financial performance, and to provide information regarding significant financial policies, strategies, and events.

The following financial statement discussion and analysis is the responsibility of Management and should be read in conjunction with the audited consolidated financial statements and the accompanying statistical review.

"Management has demonstrated over the years that prudent financial planning is very important to the City. This is illustrated by consistently producing balanced operating budgets, adhering to conservative investment and reserve management principles, as well as focus on funding a majority of capital expenditures through internal financing."

DBRS
Credit Rating Report
October 23, 2008

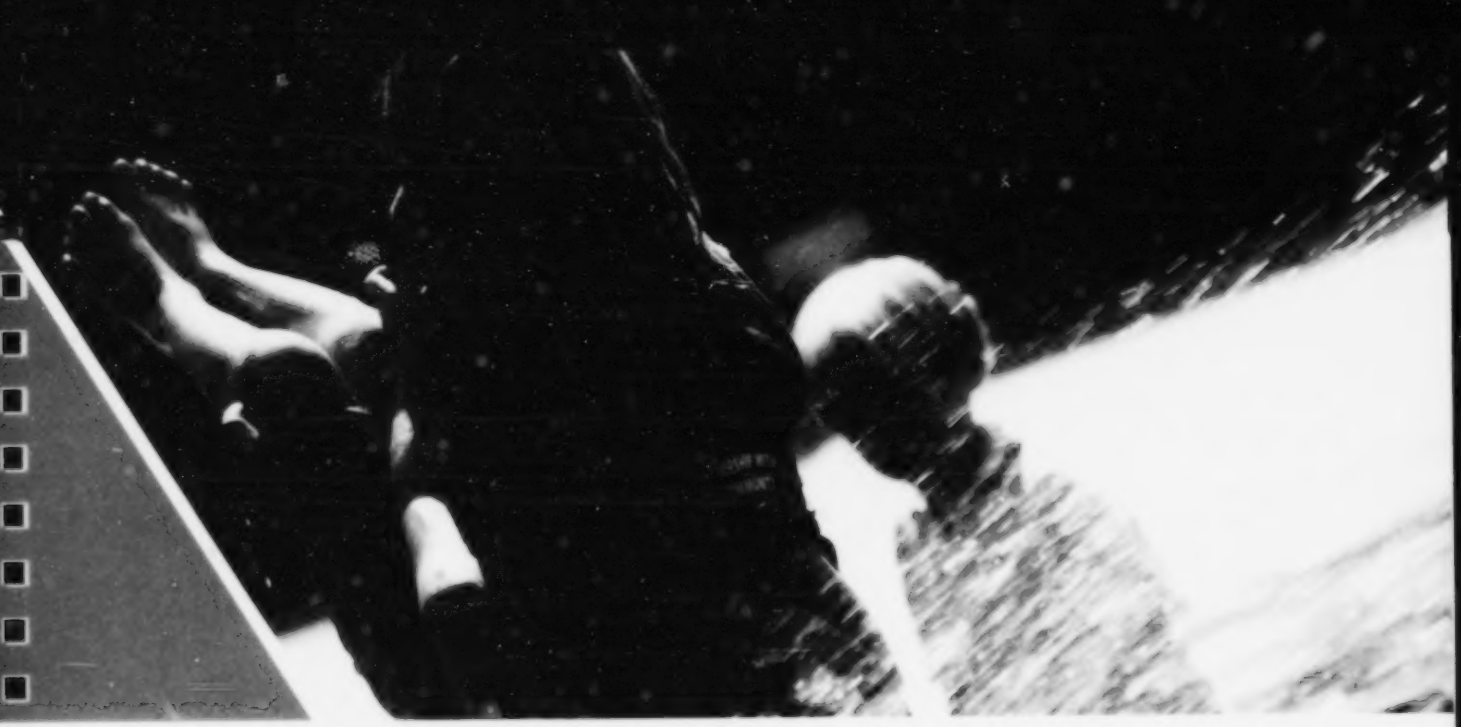
The City continues to have an enviable reserve position providing additional financial flexibility for the future.

2008 FINANCIAL HIGHLIGHTS

The significant downturn and uncertainty in the global economy over the latter part of 2008 challenged the City as it did other businesses. Despite prudent fiscal management, the City incurred a $20.3 million shortfall for tax-supported operations, resulting primarily from reduced net investment earnings. The Financial Stabilization Reserve will be used to offset the deficit and strategies are being put in place to address the longer term financial impacts. Fortunately, Edmonton has fared better than most regions to date and the forecast is for a moderate level of growth and low unemployment to continue.

The 2008 financial statements have been prepared on a fund basis and are comprised of an operating fund, a capital fund, and a reserve fund. The results of the three funds have then been consolidated to report the overall financial position and financial activities.

The Consolidated Statement of Financial Position provides a summary of the City's financial assets, liabilities, net financial assets, and municipal position. Overall the City maintained a solid municipal fund position of $5.4 billion, an increase of 3.1 per cent from the prior year. The operating fund balance and capital fund balance have reduced somewhat while the equity in physical assets has increased significantly with a focus on infrastructure growth and renewal. The City continues to have an enviable reserve position providing additional financial flexibility for the future.



The Consolidated Statement of Financial Activities outlines revenues collected by the City and their application to provide municipal services and finance capital expenditures. Total revenues of approximately $2.3 billion were slightly higher than those collected in 2007 of $2.2 billion. Increases in government transfers, taxes, and developer and customer contributions were partially offset by a decrease in income from subsidiary operations and investment earnings. Expenditures of $2.8 billion were generally managed within the approved budget. However, expenditures were higher than revenues resulting in a consolidated shortfall of $0.5 billion, partially funded by net debenture borrowing of $0.3 billion. Schedules 1 through 3 provide the breakdown of financial activities for each of the operating, capital and reserve funds.

The Consolidated Statement of Changes in Financial Position summarizes the sources and uses of cash in 2008. The cash position, comprised of cash and temporary investments, has decreased to $233.3 million from $435.9 million in 2007. This is primarily the result of the deficiency of revenues over expenditures as well as delays made to borrowing to fund capital expenditures late in the year due to interest rate uncertainty.

INVESTMENTS

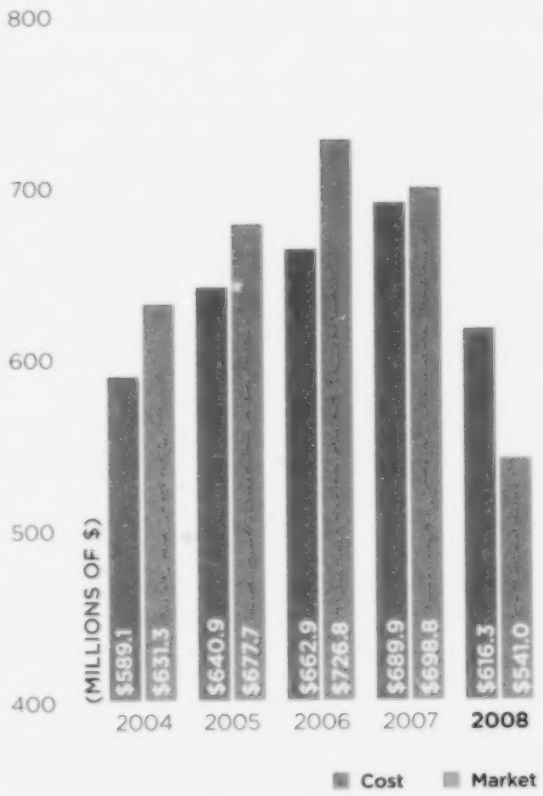
During 2008 equity markets declined around the world by amounts not seen since the Great Depression. Although the City's investments were not immune from these events, the total investments experienced a comparatively small overall decline of 3.1 per cent in 2008.

Included in investments of $1,398.9 million are amounts held within a Short Term Bond Fund, the Ed Tel Endowment Fund, the Balanced Fund, and other longer term investments. Overall, the market value of the investment portfolio of $1,302.1 million is 6.9 per cent below the cost. While market volatility is expected to continue, the principles and guidelines set out in the City's investment policy, and overseen by the Investment Committee, will ensure the City's investments continue to be managed at a prudent level of overall risk. The Investment Committee is confident that the asset allocation policies remain appropriate and will continue to monitor and evaluate the City's investment program and recommend changes when required.

Additional investments of $187.5 million are managed for trust assets under administration, including City-sponsored pension plans and a long-term disability benefit plan funded by employees, as disclosed in Note 21 to the consolidated financial statements. Consistent with PSAB requirements, trust assets are excluded from the City reporting entity.

After completing a comprehensive review of the City's investment custodian needs, a new custodian, State Street Trust Company Canada, was selected and the change was made during 2008. The City's custodian is responsible for the safekeeping of the City's financial assets. A formal review of the City's banking and custodial services is typically completed every seven to ten years.

Net Assets of Ed Tel Endowment Fund



All investments must comply with the *Municipal Government Act* (MGA) of Alberta, the associated *Major City's Investment Regulation* and with the City's internal investment policy. The City Council approved investment policy has a goal to preserve the original principal and to maximize investment returns within an acceptable level of risk. Asset mix is determined based upon the earning objectives, investment time horizon and level of risk tolerance.

The largest of the City investment funds is the Ed Tel Endowment Fund, established in 1995, with the investment of $470.2 million in proceeds from the sale of the municipal telephone utility. The objective of the Endowment Fund is to provide a source of income in perpetuity while ensuring that the real purchasing power is maintained. Earnings from the Fund are applied to support municipal operations under a formula established by City Bylaw. The fund experienced negative market results in the latter part of 2008 and ended the year with an investment book value of $616.3 million compared to a market value of $541.0 million. However, management believes the decline to be of a temporary nature and has not written down the investments to date.

INVESTMENT IN SUBSIDIARIES

The City's investment in subsidiaries relates to EPCOR Utilities Inc. (EPCOR) and the City of Edmonton Non-Profit Housing Corporation, both wholly owned subsidiaries. The City applies a modified equity method of accounting and reporting for these subsidiaries as government business enterprises. Accounting principles followed by the subsidiaries are not adjusted to conform to those of the City as a local government.

In 2008, the total investment in subsidiaries increased to $2,430.1 million from $2,368.0 million in 2007. Of that $62.1 million net change, $62.0 million was attributable to EPCOR. Further financial information for each of the government business enterprises is included in Note 17 to the consolidated financial statements. Additional detail would be available directly from either of the organizations, using contact information provided at the back of the Annual Report.

City Council's utility fiscal policies govern the financial relationship between the City and each of the municipally owned or operated utilities. These policies require each utility to charge sufficient rates to recover all operating costs, repay capital debt, and earn a return on the City's equity investment. The policies also require each utility to pay the City a franchise fee on utility revenue and to provide a portion of annual utility profits as a dividend - a percentage of ongoing budgeted earnings.

DEFERRED REVENUE

Deferred revenue of $352.3 million has increased only slightly by $7.8 million over 2007. Deferred revenue is largely made up of government transfer funding received in advance for capital expenditures, externally restricted until used for the purpose intended. Included in 2008 deferred revenue is $87.6 million received under the provincial Municipal Sustainability Initiative (MSI) to assist municipalities in meeting growth-related infrastructure challenges and enhancing long-term sustainability. As well, $74.6 million relates to the Alberta Municipal Infrastructure Program (AMIP), a program implemented to manage the infrastructure backlog and longer term infrastructure requirements, while $50.8 million is from the Provincial and Federal Fuel Rebate programs, available to fund certain Transportation projects.

DEBT

The City's *Debt Management Fiscal Policy* (DMFP) was reviewed during 2008 with the objective to ensure that the debt policy continues to support the City's long-term capital plans and strategies, while maintaining long-term financial affordability, flexibility and sustainability. The City's DMFP policy adheres to the limits for debt and debt service costs established within a Regulation under section 271 of the MGA.

The revised policy resulted in an increase to the City's internally set tax-supported debt service limit moving from 6.5 per cent to 15 per cent, with the total debt service limit increased from 10 per cent to 22 per cent. The changes continue to provide for internally set limits which are more conservative than those set within the MGA. The policy also provides for approval of multi-year debt guidelines with a corresponding debt repayment funding strategy, added flexibility for the use of freed up debt servicing funding once debt is retired, and a new classification of tax-supported debt – self-supporting tax guaranteed debt.

All borrowing completed by the City since 1993 has been in the form of amortizing debentures in Canadian dollars administered through the Alberta Capital Finance Authority (ACFA), utilizing the strong debt rating of the Province of Alberta and the combined borrowing volumes across Alberta. Interest rates are established at the time of borrowing and remain constant throughout the term of the debenture, eliminating the risk associated with fluctuating interest rates. Payments are made annually or semi-annually.

$321.7 million was added through new debenture borrowings, of which $234.4 million was for tax supported debt. Interest rates for new borrowing remained relatively low during the year with ranges as follows:

Term	Interest rates (%)
10 year	4.01 to 4.38
15 year	4.34 to 4.61
20 year	4.53 to 5.15
25 year	4.66 to 5.24

Net long-term debt of $1,041.0 million at December 31, 2008 was increased by $282.1 million (37.2 per cent) over the 2007 balance. The gross amount of debentures and mortgages payable of $1,678.8 million is offset by the $191.7 million in related amounts receivable, mainly from EPCOR, and by sinking fund assets for debt retirement of $446.1 million. Overall, sinking fund market values of $460.6 million exceed book values. The amount receivable from EPCOR relates to debentures issued in the name of the City on behalf of EPCOR prior to 1999.

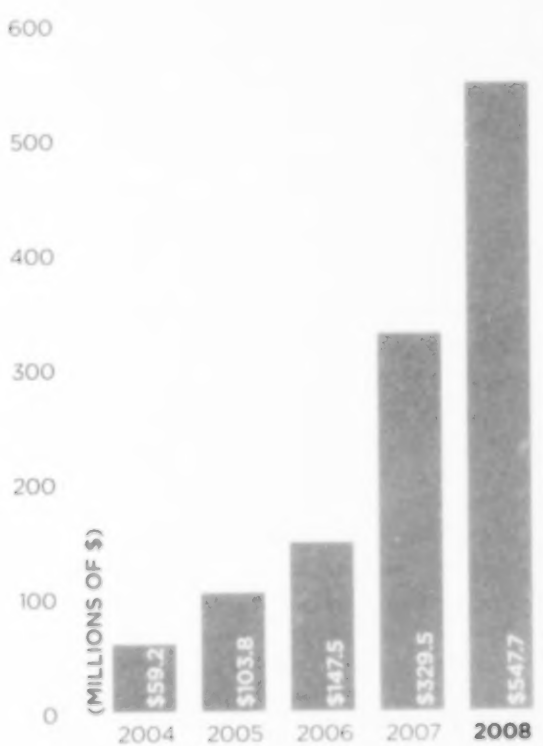
As per the MGA, the debt limit is defined as two times revenue net of capital government transfers, and debt servicing costs are not to exceed 35 per cent of the same revenues. The City carries levels of debt well below the legislated limits. However, percentages used have increased from the prior year.

(millions of $)

	2008	2007
MGA Debt Limit	$ 3,336.4	$ 3,157.3
Total Debt Limit Used	1,043.0	761.4
Percentage used (%)	31.3	24.1
MGA Debt Service Limit	$ 583.9	$ 552.5
Total Debt Service Limit Used	103.1	77.6
Percentage used (%)	17.7	14.0

The City continues to follow a pay-as-you-go financing approach, reported as a transfer from operating to capital, for a significant portion of capital expenditures in tax-supported programs.

Tax-Supported Debt



OPERATING FUND

The 2008 consolidated operating fund net loss was $11.0 million, excluding income from subsidiary operations, which contributed $176.3 million. After providing for certain budgeted fund transfers and debt repayments, the consolidated operating fund balance decreased by $53.6 million to $3,260.7 million.

There was little change in the operating fund revenues, net of subsidiary operations, compared to 2007. Expenditures were $202.0 million greater than 2007, or 15.6 per cent, to address inflationary increases as well as the additional service needs associated with Edmonton's growing population.

(millions of $)

Operating Fund Revenues*	
2008 actual	1,483.5
2007 actual	1,479.6
Variance	3.9
% variance	0.3

Operating Fund Expenditures*	
2008 actual	1,494.5
2007 actual	1,292.5
Variance	202.0
% variance	15.6

* Excluding income from subsidiary operations

Overall, revenues were less than budget in 2008 primarily related to reduced investment earnings. Expenditures were higher than budget in certain programs, including convention and tourism costs from additional conferences; bus and light rail transit from higher than planned fuel costs earlier in the year; increased grants out and higher tax appeals and allowances. These additional expenditures were partially offset by under expenditures in programs such as waste management; roadways; and utilities and enterprises.

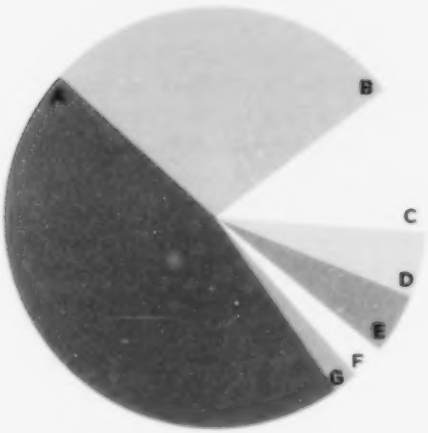
The City recognized expenditures to adjust pension net fund assets for City sponsored plans as well as to adjust employee benefit obligations in 2008 relating to accrued vacation, post-employment benefits provided to employees subsequent to their active service, banked overtime and certain benefit plans. The adjustments were based upon actuarial valuations or updated data.

The Ed Tel Endowment Fund experienced losses of $29.7 million in 2008 and provided a further $35.2 million to support municipal operations. Based upon policy and market values at the end of 2007, an additional one-time dividend of $8.8 million was approved to support municipal operations in 2008. Beginning in 2008, the spending rate of the fund was increased to 5.0 per cent from the prior level of 4.75 per cent, which represents the percentage of the fund that is paid out annually as a dividend, resulting in an increase to the ongoing dividend in 2008. Based upon the June 2008 values as per the revised policy, a special dividend in addition to the ongoing dividend will not be available for municipal operations in 2009.

Earnings in the City of Edmonton Sinking Fund, established to meet future obligations to the purchasers of certain City of Edmonton debentures, were $3.6 million higher than the required earnings in 2008. Under an agreement, excess earnings within the Sinking Fund are shared between the City and EPCOR. The balance of accumulated excess earnings attributable to the City at December 31, 2008 is $30.2 million.

EPCOR net earnings of $176.2 million in 2008 were less than the budget expectation of $227.0 million. Dividends of $130.4 million and franchise fees of $41.5 million were transferred to support municipal operations.

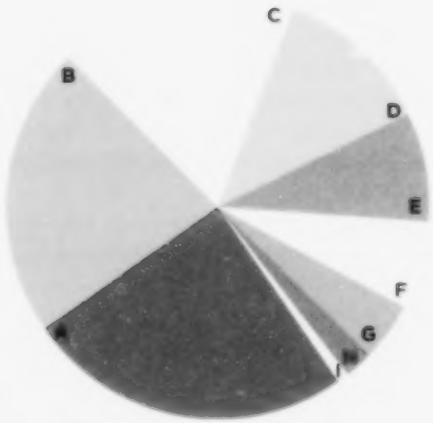
Enterprise and utility operations of Drainage Services Utility, Land Enterprise and Mobile Equipment Services earned a combined $93.4 million, prior to fund transfers and debt repayment of $78.6 million. Drainage Services Utility benefited from increased user fee and design and construction revenues. The Edmonton Public Library, Edmonton Economic Development Corporation and Taxi Cab Commission earned a combined $0.7 million, prior to fund transfers and debt repayment of $0.4 million.



OPERATING FUND — SOURCE OF INCOME DOLLAR

TOTAL = 1,676

(millions of dollars)	$	%
A. Taxation	780.4	46.6
B. Sale of goods and services	469.7	28.0
C. Subsidiary operations	192.6	11.5
D. Government transfers	83.2	5.0
E. Franchise fees	76.1	4.5
F. Fines and penalties	44.1	2.6
G. Licenses and permits / Investment losses	29.9	1.8



OPERATING FUND — DISTRIBUTION OF INCOME DOLLAR

TOTAL = 1,676

(millions of dollars)	$	%
A. Protective services	423.0	25.2
B. Transportation services	371.8	22.2
C. Community services	306.6	18.3
D. Corporate administration, general municipal and pension adjustments	200.4	11.9
E. Other*	142.1	8.5
F. Utility and enterprise services	106.7	6.4
G. Waste management	76.0	4.5
H. Debt repayment	39.5	2.4
I. Tax appeals and adjustments	9.9	0.6

* Other includes transfers to capital and reserves, offset by the net excess of expenditures over revenues

CAPITAL FUND

(millions of $)

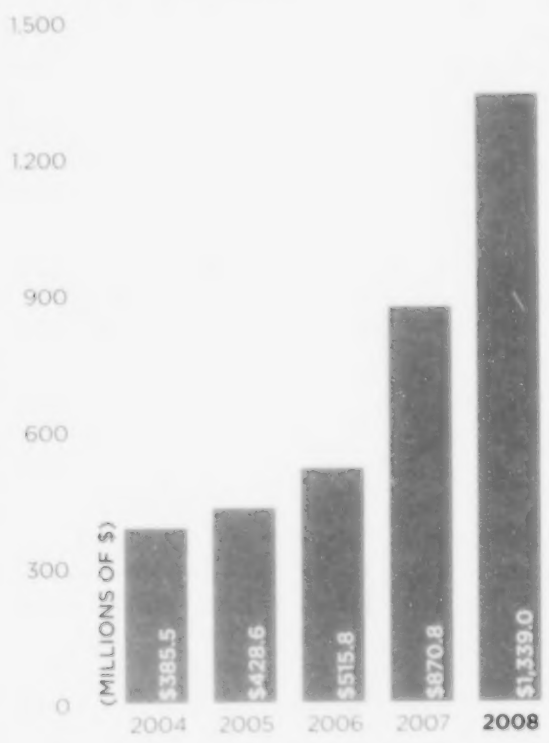
Capital Fund Revenues	
2008 actual	616.2
2007 actual	445.7
Variance	170.5
% variance	38.3
Capital Fund Expenditures	
2008 actual	1,339.0
2007 actual	870.8
Variance	468.2
% variance	53.8

In 2008, revenues exceeded the prior year by $170.5 million, or 38.3 per cent, due to increased funding from other orders of government and developer and customer contributions. Revenues of $616.2 million were applied directly to finance capital. As well, $154.7 million was transferred from the operating fund on a pay-as-you-go basis, $12.9 million was funded from reserves and $321.7 million was added through new debenture borrowings. The remaining capital expenditures will be financed in future periods, primarily through debt.

$1,339.0 million was expended on capital during 2008, a steady increase of 53.8 per cent from 2007. Expenditures were primarily in areas of bus and light rail transit, roadways, drainage services, land, building rehabilitation, parks and recreation, and waste management. A number of capital projects did not proceed to the extent planned during the year due to factors such as outstanding external commitments, project delays from unavailability of internal and external resources, land and vendor negotiations and project changes. Those projects will continue into 2009. On the other hand, some projects were able to be advanced ahead of schedule, including the South Light Rail Transit (South LRT), the 23rd Avenue interchange, a number of strategic land acquisitions, flood prevention and sewer infrastructure rehabilitation. It is expected that the downturn in the economy will provide some relief to the significant cost escalations experienced in 2007 and early 2008, as well as favourably impact the availability of external resources.

The ending capital fund balance of $(75.9) million is primarily a result of the opportunity to purchase additional land for future municipal use, and the deferral of borrowing late in the year, due to the uncertainty of interest rates. The City has since borrowed approximately $140 million in the first quarter of 2009. Equity in physical assets has increased by $420.0 million in 2008, to a balance of $1,985.6 million.

Capital Expenditures
(excluding EPCOR)



RESERVE FUND

The City maintains a City Council approved policy which directs the establishment and processes with respect to reserves. Initial establishment of reserves, as well as transfers to and from reserves requires the approval of City Council, through the annual budget approval process. The Reserve Fund also includes reserves of the Edmonton Public Library, as approved by the Edmonton Public Library Board.

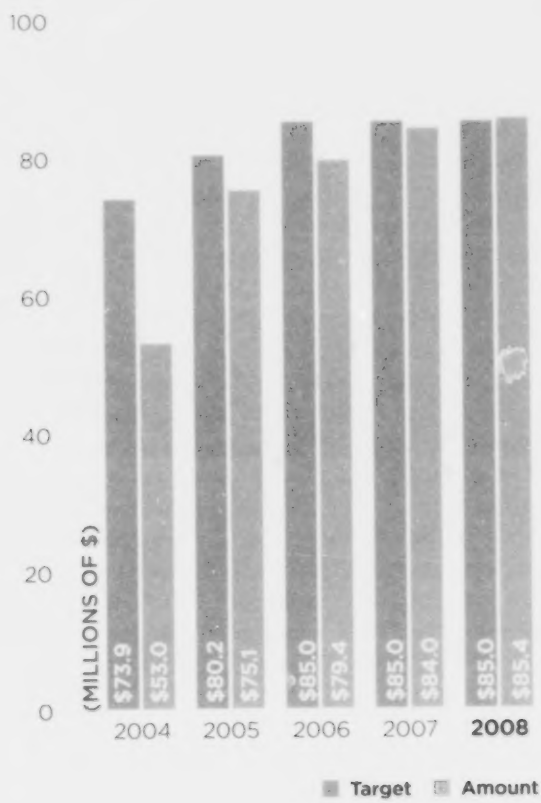
During 2006, a review of reserve balances and related policies was completed to ensure they continue to support the financial goals and serve the highest priority needs of the City and its citizens. The policy and balances are monitored on an ongoing basis with the next formal review planned for 2009.

As at December 31, 2008 a consolidated amount of $242.8 million has been transferred to reserves to fund future operating or capital purposes. The balance increased from the level of the prior year by $28.1 million or 13.1 per cent.

Of the overall reserve fund balance, an amount of $85.4 million is held within the unappropriated FSR. The FSR was established in 1997, to provide flexibility in addressing financial risks associated with revenue instability and unforeseen costs, and to ensure the orderly provision of services to citizens. As per policy, a target balance of 7.0 per cent of general government operating expenditures to a maximum balance of $85.0 million has been established for the FSR. Any operating surplus from tax-levy operations is transferred to the FSR annually, with the excess of the reserve target level applied evenly to the three subsequent years' operating budgets or to significant one-time operating or capital needs. A draw of $24.5 million will be made from the reserve in 2009 to fund the tax-supported operating deficit ($20.3 million) and to fund operating expenditures carried forward from 2008. $4.0 million from the FSR has been built into the 2009 operating budget on a one-time basis to partially offset the anticipated reduction to investment earnings.

A review of potential strategies to replenish the FSR in years when the City is not in a surplus position will be completed in 2009.

Financial Stabilization Reserve



The City maintains the following processes to ensure appropriate financial controls and accountability are maintained and to take a proactive approach to identify and address financial challenges.

PLANNING AND BUDGETING PROCESS

In July 2008, with input from thousands of citizens, City Council approved *The Way Ahead: City of Edmonton Strategic Plan 2009-2018*. The plan moves the City toward a 30-year vision by establishing 10-year strategic goals and 3-year priority goals. The strategic plan was developed to help the City establish priorities and make informed decisions to improve the quality of life for citizens now and in the future. Three-year goals specify the priorities to focus on within that timeframe and reflect the department planning cycles and Council's term. The plan is used in the following ways:

- To align all planning decisions - all City actions will work toward the achievement of a common goal. To this end, the framework Transforming Edmonton was created to integrate the new Municipal Development Plan, Focus Edmonton, and all other major 10-year strategic planning initiatives with a common overarching vision and goals; and
- As the basis for all City departments in the development of their business plans. The activities and resource allocation of the departments should demonstrate alignment with, and the achievement of, the 3-year priority goals of the strategy.

Edmonton's operating budget lays out the revenues and expenditures planned for the following year to deliver city services, using a program-based approach focused on service delivery.

Edmonton's capital priorities plan and budget identifies proposed capital project expenditures and their sources of financing. Proposed capital projects are assigned priorities based on a detailed set of criteria approved by City Council. Those projects that fall within the City's financial resources are recommended. Projects with a lower priority are deferred, and may be considered in future budgets.

A review of the capital process was completed during 2005 - 2006. One of the recommendations from the review was to change from a one-year to a three-year capital budget cycle. In December 2006, City Council approved the original 2007 - 2008 two year capital budget request as a phase in for the three-year budget, to correspond with the term of an elected Council. The 2008 Capital Budget constitutes the second year of City Council's two-year capital budget approval. Capital budget changes were done in 2008 by way of supplementary capital budget adjustments, only for capital projects affected by cost escalations and timing issues or to address emerging capital projects.

ACCOUNTING PROCESS

The City of Edmonton is organized into various business areas, each responsible for managing the delivery of program services in accordance with the resources allocated to those programs. The City utilizes a shared services model for finance and treasury services. All business areas reporting to the City Manager share a common accounting and reporting system, and financial and accounting services are administered within Finance & Treasury and delivered to each business area based on their needs.

Edmonton Public Library, Edmonton Police Services, Non-Profit Housing, and Vehicle for Hire Commission utilize the common accounting system but report through their Board or Commission. EPCOR and EEDC have independent accounting systems and report through their Boards.

AUDITING PROCESS

The MGA requires municipal councils to appoint an independent auditor. In 2004, City Council appointed the firm of Deloitte & Touche LLP, Chartered Accountants, as external auditor for a five-year term. A one-year extension was approved during 2008 to cover the December 31, 2009 year-end audit as a result of the significant change to a full accrual basis of accounting including the reporting of all tangible capital assets. The 2008 financial results will be re-stated as comparative information within the 2009 consolidated financial statements.

The auditor must report to City Council on the annual consolidated financial statements and the provincial financial information return of the municipality. In order to complete the consolidated audit of the City of Edmonton, the auditor must place reliance on the work of other auditors for each of EEDC, EPCOR, and Non-Profit Housing.

An Audit Committee has been established as a Committee of Council. City Council recently approved Bylaw 15143, which includes the addition of two public members to augment the existing Audit Committee structure of the Mayor and four Councillors, beginning in 2009.

The City also has an internal audit function. The Office of the City Auditor is independent of the City Administration and reports directly to City Council through Audit Committee. The Office is empowered by Bylaw 12424, *City Auditor*. This bylaw establishes the position of City Auditor and delegates powers, duties, and functions to this position. The City Auditor has two roles:

- Agent of Change Role - to conduct proactive and forward looking projects based on the provision of strategic, risk and control related consulting services to better serve the changing needs of the corporation and bring about improvement in program performance; and
- Guardian Role - to conduct projects directed primarily towards providing assurance through review of existing operations, typically focusing on compliance, efficiency, effectiveness, economy and controls.

Canadian Award for Financial Reporting

Presented to

City of Edmonton
Alberta

For its Annual
Financial Report
for the Year Ended

December 31, 2007

A Canadian Award for Financial Reporting is presented by the Government of Finance Officers Association of the United States and Canada to municipalities whose annual financial reports achieve the high program standards for Canadian Government accounting and financial reporting.

President

Executive Director

The City of Edmonton has once again been recognized with a number of awards in the financial area, attesting to the ongoing standard of quality and achievement.

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a **Canadian Award for Financial Reporting** to the City of Edmonton for its annual financial report for the fiscal year ended December 31, 2007. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. This is the fifteenth consecutive year that the City of Edmonton has received this award. We believe this Annual Report continues to conform to the Canadian Award for Financial Reporting program requirements and we will be submitting it to the GFOA for consideration.

The City of Edmonton also received the **2008 Distinguished Budget Presentation Award** from the Government Finance Officer's Association of the United States and Canada, for the eleventh straight year. The award represents a significant achievement and reflects the commitment of City Council and administration to meeting the highest principles of governmental budgeting. Edmonton has satisfied nationally recognized guidelines for effective budget presentation, designed to assess how well the budget serves as a policy document, a financial document, an operations guide and a communication device.

For the ninth consecutive year, an **Achievement of Excellence in Procurement Award** was presented to the City of Edmonton from the National Purchasing Institute. This prestigious international award recognizes excellence in public procurement, measuring the innovation, professionalism, productivity and leadership attributes of public sector organizations. The City of Edmonton was the only Canadian organization to receive this award for 2008.

2009 BUDGET

City Council and administration value public consultation during the development and review of the annual budgets. Within the 2009 planning and budget process, City Council reviewed proposed services and programs in committee meetings held in mid-October and in City Council meetings in November. Meetings included three days of public hearings on the proposed budget. As well, a series of Mayor's Town Hall Meetings were held throughout the city to get public input.

City Council approved the 2009 Operating Budget and 2009 - 2011 Capital Budget in December 2008. Property taxes are used as one of the funding sources to provide the services and infrastructure approved in the budget. The budget is the first step in determining property owners' final tax bill. Property value assessments are determined in January, indicating how the City's total tax-levy will be distributed among all property owners. The Bylaw to set the 2009 municipal tax increase of 7.3 per cent approved in December 2008 for all property types (including commercial and industrial) will be reviewed by City Council in April 2009 in light of the changed economic conditions and the provincial education bill to be received by the City. The average tax increase of 7.3 per cent includes 2.0 per cent specifically earmarked for a neighbourhood renewal program.

The average tax increase for residential property owners will be closer to 3.6 per cent due to a business model change for waste management from tax-supported to utility effective January 1, 2009. Households will no longer pay for garbage services with taxes, instead a separate utility user fee will be charged.

The 2009 operating budget includes selected increases in user fees for various municipal services, including sewer and drainage fees, transit fares, ambulance fees, various parks and recreation fees, and licensing fees.

The 2009 - 2011 Capital Budget launches the implementation of a 10-Year Capital Investment Agenda that was presented to City Council in July 2008. This three-year capital budget is the first major step in implementing projects that advance the City's new Strategic Plan. Key infrastructure principles used in developing the three-year capital budget are:

- use cash for ongoing projects (maintenance and renewal);
- use borrowing for new and large projects eligible according to the criteria set out in the approved DMFP;
- align projects to the new 30-year City vision and 10-year strategic goals;
- use rehabilitation funding to ensure existing assets meet acceptable standards;
- manage demand to reduce infrastructure requirements; and
- only build new infrastructure if life-cycle costs are affordable.

This approach is vital due to the funding restraints faced by the City to address the backlog of renewal projects and to meet the demand caused by population and economic growth.

The 2009 - 2011 Capital Budget identifies total capital spending of $4.2 billion over the next three years and $1.0 billion extending to 2012 and beyond for a total of $5.2 billion. $2.6 billion is required for new infrastructure and $2.6 billion is required to renew existing infrastructure.

FUTURE CHANGES TO ACCOUNTING AND REPORTING

Changes to financial accounting and reporting are on the horizon for Canadian local governments. For 2008, the PSAB has approved the implementation of segment disclosures to provide users of the consolidated financial statements with additional information about the various activities provided by the municipality, as disclosed in Note 22 and provided in Schedule 4 - Consolidated Schedule of Segment Disclosures.

To be implemented by 2009, the PSAB has also approved new requirements to move to a full accrual basis of accounting. This includes the requirement to report all tangible capital assets and to provide for amortization over the expected asset useful lives. The appearance of the consolidated financial statements will change from the fund basis, with reserves shown only in schedules or notes. Consistent with PSAB guidelines, disclosure of the status of the conversion to the new reporting treatment for tangible capital assets is outlined in Note 25 to the consolidated financial statements. A table within the note provides tangible capital asset balances and accumulated amortization by major classification, with changes throughout 2008, developed under the new requirements.

SUBSEQUENT EVENTS

A number of reporting and operational changes will take place during 2009 as described in Note 23 to the consolidated financial statements. These changes will include the change in business model for Waste Management to operate as a full utility effective January 1, 2009. The Gold Bar Wastewater Treatment Plant will transfer to EPCOR effective March 31, 2009. As well, the transfer of the ground ambulance service from municipalities to the new provincial health authority, Alberta Health Services, will take place April 1, 2009. The City will continue to provide services on a transitional basis as outlined in the Master Agreements with EPCOR and Alberta Health Services.

LONG-TERM SUSTAINABILITY

Operating and capital funding gaps continue to exist as identified in the financial and strategic reporting reviewed with City Council. A number of strategies are being developed to ensure long-term sustainability of the City including a service and savings review, hiring controls and re-evaluation of the 2009 - 2011 approved capital budget.

As encouraged by the Government of Alberta, additional infrastructure spending will help stimulate the local economy by creating jobs, while at the same time allowing municipalities to take advantage of the capacity available in the construction industry, cost deflation and the low cost of borrowing.

The Province of Alberta has recently agreed to allow MSI grant funding to be used to fund interest costs from borrowing. This will provide added flexibility and stability as the City moves ahead with the planned infrastructure spending.

In 2008, the Capital Region Board was created consisting of the Mayors and Reeves of the 25 municipalities in the Capital Region, and an Interim Chair appointed by the Minister of Municipal Affairs. The board's main priorities are to create a long-range plan on regional land use and infrastructure such as roads and transit; developing an electronic system to share information; and determining the quantity and location of affordable housing.

The commitment of the Province of Alberta to be a strong partner with the City of Edmonton in responding to the effects of the current economic situation, including significant investment in municipal infrastructure will help move the City of Edmonton steps closer in meeting the City's long-term infrastructure requirements and towards a sustainable future.

CONCLUSION

In 2008, Standard & Poor's affirmed the City of Edmonton's long-term credit rating of AA+/Stable. DBRS has confirmed their rating as AA (high). Although, the Standard & Poor's outlook was changed from positive to stable, the ratings acknowledge the long history of good fiscal management, the strong liquidity position, increase in capital grant funding and the solid local economy.

Forecasts project that the City of Edmonton will weather the global situation better than most regions, with a stable GDP and added capacity for City projects with the slowdown on private-sector construction projects. The City is well positioned financially but will continue to be challenged to maintain existing services as well as to address the service and infrastructure needs associated with the growth internally and as the major centre for the region. Efforts are ongoing in determining a regional approach to address the challenges. Programs and services are continually reviewed to identify internal efficiencies and opportunities.

Craig Warnock, CMA, FCSI, FCMA
Chief Financial Officer and Treasurer

April 1, 2009

2008 Annual Report
City of Edmonton, Alberta, Canada

FINANCIAL INFORMATION

MANAGEMENT'S REPORT

Management of the City of Edmonton is responsible for the integrity of the accompanying consolidated financial statements and all other information within this Annual Report. The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles for municipal governments established by the Canadian Institute of Chartered Accountants. The preparation of the consolidated financial statements necessarily includes some amounts which are based on the best estimates and judgments of management. Financial data elsewhere in the Annual Report is consistent with that of the consolidated financial statements.

To assist in meeting its responsibility, management maintains accounting, budget and other internal controls, as well as an internal audit function. These controls provide reasonable assurance that transactions are appropriately authorized and accurately recorded, and that assets are properly accounted for and safeguarded, in order that the integrity of financial records is maintained.

The consolidated financial statements have been audited by the independent firm of Deloitte & Touche LLP, Chartered Accountants. Their report to the Mayor and City Council, stating the scope of their examination and opinion on the consolidated financial statements, follows.

Al Maurer, P.Eng.
City Manager

Craig Warnock, CMA, FCSI, FCMA
Chief Financial Officer and Treasurer

April 1, 2009

AUDITORS' REPORT

To His Worship the Mayor and Members of Council
The City of Edmonton

We have audited the consolidated statement of financial position of the City of Edmonton as at December 31, 2008, and the consolidated statements of financial activities and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of Edmonton as at December 31, 2008, and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Edmonton, Alberta

April 1, 2009

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2008 (in thousands of dollars)

	2008	2007
Financial Assets		
Cash and temporary investments (Note 2)	**$ 233,329**	$ 435,863
Receivables:		
Taxes receivable	**31,826**	27,914
Trade and other receivables	**98,408**	98,269
Land for resale	**64,404**	59,438
Investments (Note 3)	**1,398,940**	1,509,389
Other assets (Note 4)	**36,687**	37,567
Investment in subsidiaries (Note 17)	**2,430,087**	2,367,965
	4,293,681	4,536,405
Liabilities		
Accounts payable and accrued liabilities	**363,371**	363,786
Deposits	**20,371**	19,637
Deferred revenue (Note 6)	**352,349**	344,546
Employee benefit obligations (Note 7)	**110,429**	103,595
Landfill closure and post-closure care (Note 8)	**19,526**	18,178
Long-term debt (Note 9)	**1,041,045**	758,873
	1,907,091	1,608,615
Net Financial Assets	**2,386,590**	2,927,790
Physical assets (Note 5)	**3,026,628**	2,324,427
Net Assets	**$ 5,413,218**	$ 5,252,217
Municipal Position		
Fund balances:		
Operating fund (Schedule 1)	**$ 3,260,705**	$ 3,314,271
Capital fund (Schedule 2)	**(75,873)**	157,665
Reserve fund (Schedule 3)	**242,803**	214,727
	3,427,635	3,686,663
Equity in physical assets	**1,985,583**	1,565,554
Total Municipal Position	**$ 5,413,218**	$ 5,252,217

Commitments and contingent liabilities (Notes 19 and 20)
See accompanying notes to consolidated financial statements.

Approved by:

Al Maurer, P.Eng.
City Manager

Craig Warnock, CMA, FCSI, FCMA
Chief Financial Officer and Treasurer

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2008 (in thousands of dollars)

	Budget (unaudited)	2008	2007
Revenues			
Net taxes available for municipal purposes (Note 13)	$ 780,537	**$ 780,399**	$ 683,746
User fees and sale of goods and services	439,786	**471,028**	468,188
Subsidiary operations (Note 17)	226,993	**176,290**	313,110
Government transfers (Note 14)	602,342	**514,676**	405,582
Investment earnings (losses)	74,458	**(11,281)**	116,658
Franchise fees	74,466	**76,116**	68,599
Developer and customer contributions	211,185	**183,488**	98,309
Fines and penalties	39,630	**44,122**	39,675
Licenses and permits	45,531	**41,132**	44,517
	2,494,928	**2,275,970**	2,238,384
Expenditures (Note 16)			
Protective services:			
Police and bylaw enforcement	271,145	**268,609**	232,636
Emergency response	172,367	**170,961**	153,725
	443,512	**439,570**	386,361
Transportation services:			
Bus and light rail transit	546,725	**572,308**	443,542
Roadway and parking	551,009	**478,898**	351,699
	1,097,734	**1,051,206**	795,241
Community services:			
Parks and recreation	234,133	**158,370**	146,902
Community and family	41,327	**38,933**	34,999
Edmonton Public Library	52,751	**45,822**	40,726
Planning	53,985	**26,307**	24,221
Convention and tourism	34,750	**41,118**	40,723
Grants	47,178	**56,294**	25,281
Public housing	8,081	**8,351**	7,191
	472,205	**375,195**	320,043
Utility and enterprise services:			
Drainage services	395,415	**381,376**	252,283
Mobile equipment	101,956	**62,512**	85,274
Land	76,076	**88,752**	23,462
	573,447	**532,640**	361,019
Waste management	136,594	**120,916**	76,336
Corporate administration	168,585	**160,359**	134,910
General municipal	226,529	**141,045**	86,557
Tax appeals and allowances	5,125	**9,901**	2,171
Pension adjustments		**2,605**	644
	3,123,731	**2,833,437**	2,163,282
(Deficiency) excess of revenues over expenditures	(628,803)	**(557,467)**	75,102
Debenture borrowings	478,347	**321,674**	246,757
Debt repayment	(37,182)	**(39,502)**	(31,919)
Subsidiary operations – net comprehensive income (loss) adjustment		**16,267**	(60,938)
Change in fund balances	$ (187,638)	**$ (259,028)**	$ 229,002

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the year ended December 31, 2008 (in thousands of dollars)

	2008	2007
Cash provided by (used in):		
Operating Activities		
(Deficiency) excess of revenues over expenditures	**$ (557,467)**	$ 75,102
Deduct item not affecting cash:		
Subsidiary operations	**(176,290)**	(313,110)
Change in non-cash items:		
Taxes receivable	**(3,912)**	(2,646)
Trade and other receivables	**(139)**	(22,412)
Land for resale	**(4,966)**	(20,609)
Other assets	**880**	790
Accounts payable and accrued liabilities	**(415)**	83,197
Deposits	**734**	5,471
Deferred revenue	**7,803**	29,720
Employee benefit obligations	**6,834**	8,897
Landfill closure and post-closure care	**1,348**	572
Cash from operations	**(725,590)**	(155,028)
Investing Activities		
Net decrease (increase) in investments	**110,449**	(93,142)
Dividend from subsidiary	**130,435**	127,600
Cash from investing	**240,884**	34,458
Financing Activities		
Debenture borrowings	**321,674**	246,757
Repayment of long-term debt	**(39,502)**	(31,919)
Cash from financing	**282,172**	214,838
(Decrease) increase in cash position	**(202,534)**	94,268
Cash, beginning of year	**435,863**	341,595
Cash, end of year	**$ 233,329**	$ 435,863

Cash is represented by cash and temporary investments (Note 2).
See accompanying notes to consolidated financial statements.

SCHEDULE 1 - OPERATING FUND

For the year ended December 31, 2008 (in thousands of dollars)

	Budget (unaudited)	2008	2007
Revenues			
Net taxes available for municipal purposes (Note 13)	$ 780,537	**$ 780,399**	$ 683,746
User fees and sale of goods and services	439,786	**469,657**	466,798
Subsidiary operations (Note 17)	226,993	**176,290**	313,110
Government transfers (Note 14)	65,155	**83,171**	58,950
Investment earnings (losses)	74,458	**(11,281)**	116,658
Franchise fees	74,466	**76,116**	68,599
Developer and customer contributions		**144**	665
Fines and penalties	39,630	**44,122**	39,675
Licenses and permits	45,531	**41,132**	44,517
	1,746,556	**1,659,750**	1,792,718
Expenditures (Note 16)			
Protective services:			
Police and bylaw enforcement	251,650	**253,106**	228,093
Emergency response	169,253	**169,918**	151,220
	420,903	**423,024**	379,313
Transportation services:			
Bus and light rail transit	216,804	**223,203**	196,249
Roadway and parking	151,037	**148,565**	126,434
	367,841	**371,768**	322,683
Community services:			
Parks and recreation	101,924	**103,138**	93,874
Community and family	41,327	**38,933**	34,999
Edmonton Public Library	36,858	**38,373**	33,495
Planning	26,321	**23,853**	23,491
Convention and tourism	30,194	**37,662**	28,201
Grants	47,178	**56,294**	25,281
Public housing	8,081	**8,351**	7,191
	291,883	**306,604**	246,532
Utility and enterprise services:			
Drainage services	83,933	**73,455**	77,788
Mobile equipment	30,886	**21,576**	14,184
Land	15,856	**11,635**	15,442
	130,675	**106,666**	107,414
Waste management	79,432	**75,984**	66,402
Corporate administration	139,139	**138,666**	115,136
General municipal	59,734	**59,238**	52,217
Tax appeals and allowances	5,125	**9,901**	2,171
Pension adjustments		**2,605**	644
	1,494,732	**1,494,456**	1,292,512
Excess of revenues over expenditures	251,824	**165,294**	500,206
Net interfund transfers:			
To capital fund	(180,229)	**(154,667)**	(163,941)
To reserve fund	(20,225)	**(40,958)**	(36,215)
Debt repayment	(37,182)	**(39,502)**	(31,919)
Subsidiary operations – net comprehensive income (loss) adjustment (Note 17a)		**16,267**	(60,938)
Change in fund balance	14,188	**(53,566)**	207,193
Opening balance	3,314,271	**3,314,271**	3,107,078
Closing balance (Note 10)	$ 3,328,459	**$ 3,260,705**	$ 3,314,271

See accompanying notes to consolidated financial statements.

SCHEDULE 2 – CAPITAL FUND

For the year ended December 31, 2008 (in thousands of dollars)

	Budget (unaudited)	2008	2007
Revenues			
Government transfers (Note 14)	$ 537,187	**$ 431,505**	$ 346,632
Developer and customer contributions	211,185	**183,344**	97,644
Other		**1,371**	1,390
	748,372	**616,220**	445,666
Expenditures (Note 16)			
Protective services:			
Police and bylaw enforcement	19,495	**15,503**	4,543
Emergency response	3,114	**1,043**	2,505
	22,609	**16,546**	7,048
Transportation services:			
Bus and light rail transit	329,921	**349,105**	247,293
Roadway and parking	399,972	**330,333**	225,265
	729,893	**679,438**	472,558
Community services:			
Parks and recreation	132,209	**55,232**	53,028
Edmonton Public Library	15,893	**7,449**	7,231
Planning	27,664	**2,454**	730
Convention and tourism	4,556	**3,456**	12,522
	180,322	**68,591**	73,511
Utility and enterprise services:			
Drainage services	311,482	**307,921**	174,495
Mobile equipment	71,070	**40,936**	71,090
Land	60,220	**77,117**	8,020
	442,772	**425,974**	253,605
Waste management	57,162	**44,932**	9,934
Corporate administration	29,446	**21,693**	19,774
General municipal	166,795	**81,807**	34,340
	1,628,999	**1,338,981**	870,770
Excess of expenditures over revenues	880,627	**722,761**	425,104
Net interfund transfers:			
From operating fund	180,229	**154,667**	163,941
From reserve fund	64,758	**12,882**	18,479
Debenture borrowings	478,347	**321,674**	246,757
	723,334	**489,223**	429,177
Change in fund balance	(157,293)	**(233,538)**	4,073
Opening balance	157,665	**157,665**	153,592
Closing balance (Note 11)	$ 372	**$ (75,873)**	$ 157,665

See accompanying notes to consolidated financial statements.

SCHEDULE 3 – RESERVE FUND

For the year ended December 31, 2008 (in thousands of dollars)

	Budget (unaudited)	2008	2007
Opening balance	$ 214,727	**$ 214,727**	$ 196,991
Add (deduct):			
Transfer from operating fund	47,792	**69,048**	47,478
Transfer to operating fund	(27,567)	**(28,090)**	(11,263)
Net transfer from operating fund	20,225	**40,958**	36,215
Transfer from capital fund		**12,711**	5,566
Transfer to capital fund	(64,758)	**(25,593)**	(24,045)
Net transfer to capital fund	(64,758)	**(12,882)**	(18,479)
Change in fund balance	(44,533)	**28,076**	17,736
Closing balance (Note 12)	$ 170,194	**$ 242,803**	$ 214,727

See accompanying notes to consr' t financial statements.

SCHEDULE 4 – CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES

For the year ended December 31, 2008 (in thousands of dollars)

	Tax-Supported Operating	Tax-Supported Capital	Ed Tel Endowment	Utility/ Enterprises Operating	Utility/ Enterprises Capital	EPCOR	Other Entities Operating	Other Entities Capital	Consolidation Adjustments	**2008 Total**
Revenues										
Net taxes available for municipal purposes	$ 780,399	$	$	$	$	$	$	$	$	**$ 780,399**
User fees and sales of goods and services	261,675			176,432	1,371		31,550			**471,028**
Subsidiary operations						176,206	84			**176,290**
Government transfers	79,816	395,297		(21)	29,729		3,376	6,479		**514,676**
Investment earnings (losses)	9,710		(28,389)	4,060			3,338		(8,218)	**(11,281)**
Franchise fees	84,334									**76,116**
Developer and customer contributions		22,460		12	160,803		132	81		**183,488**
Fines and penalties	43,149						973			**44,122**
Licenses and permits	40,489						643			**41,132**
Appropriation of earnings	35,200		(35,200)							
	1,334,772	417,757	(63,589)	180,483	191,903	176,206	40,096	6,560	(8,218)	**2,275,970**
Expenditures										
Protective services	428,561	16,546							(5,537)	**439,570**
Transportation services	383,698	679,438							(11,930)	**1,051,206**
Community services	278,623	57,686					32,359	10,905	(4,378)	**375,195**
Drainage services	979			84,500	307,921				(12,024)	**381,376**
Mobile equipment				(9,051)	40,936				30,627	**62,512**
Land				11,635	77,117					**88,752**
Waste management	80,348	44,932							(4,364)	**120,916**
Corporate administration	138,666	21,693								**160,359**
General municipal	63,894	81,807	1,311				7,151		(612)	**153,551**
	1,374,769	902,102	1,311	87,084	425,974		39,510	10,905	(8,218)	**2,833,437**
(Deficiency) excess of revenues over expenditures before transfers	(39,997)	(484,345)	(64,900)	93,399	(234,071)	176,206	586	(4,345)		**(557,467)**
Debenture borrowings		268,902			52,772					**321,674**
Debt servicing costs	(25,707)			(13,795)						**(39,502)**
Net transfers	45,403	105,636	(8,800)	(64,825)	58,665	(130,435)	(1,645)	3,248	(7,247)	
Subsidiary operations - net comprehensive income adjustment						16,267				**16,267**
(Deficiency) excess of revenues over expenditures	$ (20,301)	$ (109,807)	$ (73,700)	$ 14,779	$ (122,634)	$ 62,038	$ (1,059)	$ (1,097)	$ (7,247)	**$ (259,028)**

See accompanying notes to consolidated financial statements.

SCHEDULE 4 – CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES

For the year ended December 31, 2007 (in thousands of dollars)

	Tax-Supported Operating	Tax-Supported Capital	Ed Tel Endowment	Utility/ Enterprises Operating	Utility/ Enterprises Capital	EPCOR	Other Entities Operating	Other Entities Capital	Consolidation Adjustments	**2007 Total**
Revenues										
Net taxes available for municipal purposes	$ 683,746	$	$	$	$	$	$	$	$	**$ 683,746**
User fees and sales of goods and services	244,252	598		200,717	792		21,829			**468,188**
Subsidiary operations						313,077	33			**313,110**
Government transfers	54,376	287,337		1,430	53,621		3,144	5,674		**405,582**
Investment earnings	43,076		68,535	4,106			941			**116,658**
Franchise fees	76,454								(7,855)	**68,599**
Developer and customer contributions		19,120		45	78,524		620			**98,309**
Fines and penalties	38,665						1,010			**39,675**
Licenses and permits	43,882						635			**44,517**
Appropriation of earnings	31,964		(31,964)							
	1,216,415	307,055	36,571	206,298	132,937	313,077	28,212	5,674	(7,855)	**2,238,384**
Expenditures										
Protective services	384,632	7,048							(5,319)	**386,361**
Transportation services	333,244	472,558							(10,561)	**795,241**
Community services	229,275	53,758					21,399	19,753	(4,142)	**320,043**
Drainage services	800			88,174	174,495				(11,186)	**252,283**
Mobile equipment				(13,226)	71,090				27,410	**85,274**
Land				15,442	8,020					**23,462**
Waste management	69,846	9,934							(3,444)	**76,336**
Corporate administration	115,136	19,774								**134,910**
General municipal	51,001	34,340	1,554				3,090		(613)	**89,372**
	1,183,934	597,412	1,554	90,390	253,605		24,489	19,753	(7,855)	**2,163,282**
Excess (deficiency) of revenues over expenditures before transfers	32,481	(290,357)	35,017	115,908	(120,668)	313,077	3,723	(14,079)		**75,102**
Debenture borrowings		214,923			31,834					**246,757**
Debt servicing costs	(18,365)			(13,554)						**(31,919)**
Net transfers	21,018	107,848	(7,991)	(66,634)	63,889	(127,600)	(4,535)	10,683	3,322	
Subsidiary operations - net comprehensive loss adjustment						(60,938)				**(60,938)**
Excess (deficiency) of revenues over expenditures	$ 35,134	$ 32,414	$ 27,026	$ 35,720	$ (24,945)	$ 124,539	$ (812)	$ (3,396)	$ 3,322	**$ 229,002**

See accompanying notes to consolidated financial statements.

The City of Edmonton (the City) is a municipality in the Province of Alberta, Canada and operates under the provisons of the *Municipal Government Act*, R.S.A., 2000, c. M-26, as amended (MGA).

1. Significant Accounting Policies

The consolidated financial statements ("the financial statements") of the City are prepared by management in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). Significant aspects of the accounting policies adopted by the City are as follows:

a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues, expenditures, and changes in fund balances and financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City. In addition to general government tax-supported operations, they include the following:

- Drainage Services Utility (Sanitary Drainage Services and Land Drainage Services)
- Land Enterprise (Land Development and Municipal Land Use Property)
- Mobile Equipment Services
- Ed Tel Endowment Fund
- The Edmonton Public Library
- Edmonton Economic Development Corporation
- Vehicle for Hire Commission (formerly the Taxi Cab Commission)

Interdepartmental and inter-organizational transactions are eliminated.

Certain subsidiary corporations are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises (Note 17). Under the modified equity basis, the government business enterprise's accounting principles are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated. In accordance with PSAB Accounting Guideline 6 (PSG-6) *Including results of organizations and partnerships applying fair value measurement*, other comprehensive income (loss) due to fair value adjustments is reported on the Consolidated Statement of Financial Activities as Subsidiary operations – net comprehensive income (loss) adjustment. The accumulated other comprehensive income (loss) reduces the Investment in subsidiaries and the Operating fund balance (Note 10). Subsidiary corporations accounted for in this manner are:

- EPCOR Utilities Inc.
- The City of Edmonton Non-Profit Housing Corporation

The financial statements exclude trust assets under administration for the benefit of external parties (Note 21).

b) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Property tax revenue is based on market value assessments determined in accordance with the MGA. Tax mill rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal. A provision has been recorded in accounts payable and accrued liabilities for potential losses on assessment appeals outstanding at December 31. Expenditures related to tax appeals and allowances are separately disclosed in the Consolidated Statement of Financial Activities.

Government transfers to the City are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Prior to that time, any amounts received, along with restricted interest thereon is recorded as deferred revenue.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

Authorized government transfers from the City are recorded as expenditures when eligibility criteria have been met by the recipient and the amount can be reasonably estimated.

Budget information, as approved by City Council, is reported on an accrual basis, consistent with principles applied in the consolidated financial statements.

c) Fund Accounting

Funds within the financial statements consist of the operating, capital, and reserve funds. Transactions between funds are recorded as interfund transfers.

d) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

Administration has used estimates to determine employee benefit obligations, pension obligations relating to City-sponsored pension plans, landfill closure and post-closure care obligations, accrued liabilities and capital asset useful lives as well as provisions made for allowances for amounts receivable.

e) Foreign Currency

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at December 31 and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenditures are translated at rates in effect at the time of the transactions or at rates of exchange established by the terms of the forward foreign exchange contract. Gains (losses) on foreign currency translation are included as revenues (expenditures).

f) Land for Resale

Land for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

g) Investments

Fixed income investments are recorded at amortized cost less amounts written off to reflect a permanent decline in value. Purchase premiums and discounts are amortized on the present value basis over the terms of the issues.

Investments in common and preferred shares are recorded at cost, or at cost less amounts written off to reflect a permanent decline in value.

h) Physical Assets

Physical assets, comprised of inventories of materials and supplies, land for future municipal purposes, local improvements, and capital assets are recognized as expenditures in the period they are acquired.

Inventories of materials and supplies are valued at the lower of average cost and replacement cost.

Land for future municipal purposes is valued at cost.

Local improvements are authorized by property owners as set out within the MGA and are undertaken by the City. The construction and borrowing costs are recovered through annual local improvement assessments during the period of the related borrowings.

Capital assets employed in general government tax-supported operations are carried on the Consolidated Statement of Financial Position at cost net of financing provided from capital fund revenues, the reserve fund, and the operating fund. Tax-supported capital assets financed by debentures are carried at an amount equivalent to the debenture and are amortized at a rate equivalent to the principal repayment.

Capital assets employed in other operations are carried at cost, and the related financing from capital fund revenues, the reserve fund, and the operating fund is recorded as equity in physical assets. Capital assets are amortized over their estimated useful lives.

Accounting and reporting for capital assets will change effective 2009. See also Note 25.

i) Operating Fund

The operating fund balance represents the amounts available to offset future operational revenue requirements.

j) Capital Fund

The capital fund balance represents the amounts available to finance future capital projects.

k) Reserve Fund

Certain amounts, as approved by City Council, are set aside in reserves for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the respective fund.

l) Equity in Physical Assets

Equity in physical assets represents the investment in physical assets, after deducting the portion financed by long-term debt.

2. Cash and Temporary Investments

		2008		2007
Cash	$	11,468	$	4,441
Temporary investments		246,792		445,231
Cheques outstanding in excess of deposits		(24,931)		(13,809)
	$	233,329	$	435,863

Temporary investments consist of bankers' acceptances, treasury bills and commercial paper, at cost, which approximates market. Temporary investments have effective rates of 1.6 to 4.0 per cent (2007 – 4.7 to 5.1 per cent) and mature in less than one year.

Temporary investments are capable of reasonably prompt liquidation and may be used to manage the City's cash position throughout the year.

3. Investments

	Cost		Market Value	
	2008	2007	**2008**	2007
Cash	**$ 702**	$ 391	**$ 951**	$ 391
Amounts receivable - net	**1,171**	3,931	**1,171**	3,931
Fixed income:				
Short-term notes and deposits	**17,898**	6,217	**17,942**	6,292
Government and government guaranteed bonds	**529,324**	598,667	**541,023**	595,472
Corporate bonds and debentures	**267,889**	349,634	**259,587**	340,721
	815,111	954,518	**818,552**	942,485
Common and preferred shares:				
Canadian	**501,338**	254,960	**419,932**	291,449
International	**80,599**	295,570	**61,497**	277,681
	581,937	550,530	**481,429**	569,130
Other investments	**19**	19	**19**	19
	$ 1,398,940	$ 1,509,389	**$ 1,302,122**	$ 1,515,956

Short-term notes and deposits have effective interest rates of 0.9 to 1.7 per cent (2007 – 3.5 to 4.2 per cent) and mature in less than one year. Government and corporate bonds and debentures have effective interest rates of 1.0 to 13.1 per cent (2007 – 3.7 to 8.7 per cent) with maturity dates from January 19, 2009 to July 4, 2047 (2007 – February 22, 2008 to July 4, 2047).

Investments with a cost of $616,288 (2007 – $689,927) and market value of $541,021 (2007 – $698,820) are managed within the Ed Tel Endowment Fund, in accordance with City Bylaw 11713. An annual appropriation from the earnings of the Fund is withdrawn to support municipal operations, based upon a spending formula set out in the Bylaw. Any amendment to the Bylaw requires advertisement and a public hearing.

Net undistributed realized losses of $20,805, relating to multi-unit investment trusts managed by the City have been recorded as at December 31, 2008.

The cost of certain fixed income, Canadian and international shares exceed market value as at December 31, 2008. A valuation adjustment of $5,498 was made to reduce the carrying value where the investment was considered to be permanently impaired. Given the current volatility in the investment market place, management is monitoring the situation, but is of the opinion that the remaining loss in value is a temporary decline.

4. Other Assets

	2008	2007
Prepaid expenses – operational	**$ 7,513**	$ 5,788
Pension net fund asset (Note 18)	**29,174**	31,779
	$ 36,687	$ 37,567

5. Physical Assets

	Cost	Accumulated Depreciation	2008 Net Book Value	2007 Net Book Value
Inventories of materials and supplies	$ 26,302	$	**$ 26,302**	$ 23,105
Land for future municipal purposes	117,723		**117,723**	36,016
Local improvements	82,725	18,362	**64,363**	61,967
Capital assets:				
Sanitary Drainage Services	1,281,853	244,648	**1,037,205**	902,560
Land Drainage Services	1,064,632	298,650	**765,982**	629,780
	2,346,485	543,298	**1,803,187**	1,532,340
Engineering structures	686,799	52,084	**634,715**	333,284
Land	3,701		**3,701**	3,701
Buildings	147,890	41,824	**106,066**	81,622
Vehicles	346,076	113,208	**232,868**	226,924
Machinery and equipment	67,471	29,768	**37,703**	25,468
	3,598,422	780,182	**2,818,240**	2,203,339
	$ 3,825,172	$ 798,544	**$ 3,026,628**	$ 2,324,427

6. Deferred Revenue

Deferred revenue is comprised of the funds noted below, the use of which are externally restricted. These funds are recognized as revenue in the period they are used for the purpose specified. Certain deferred revenues relate to government transfers as further described in Note 14.

	2008	2007
Operating	**$ 94,938**	$ 29,103
Capital:		
Alberta Municipal Infrastructure Program (AMIP)	**74,562**	194,461
Municipal Sustainability Initiative (MSI) grant	**87,622**	35,051
Transportation fuel rebate – Provincial	**33,395**	38,194
Transportation fuel rebate – Federal	**17,362**	23,726
Innovation and Science grant	**24,996**	15,112
Major Community Facilities Program	**10,928**	
North/South Trade Highway grant	**7,256**	7,493
Other	**1,290**	1,406
	257,411	315,443
	$ 352,349	$ 344,546

7. Employee Benefit Obligations

	2008	2007
Accrued vacation	$ 61,877	$ 57,631
Post-employment benefits	15,191	14,499
Income replacement plan	10,749	11,688
Banked overtime	8,892	8,314
Group life plan	4,297	3,902
Major medical and dental plans	4,253	3,699
Health care spending	3,729	2,599
Supplementary management retirement plan	842	724
Other	599	539
	$ 110,429	$ 103,595

Post-employment benefits represent the City's cost, including the continuation of benefits for employees on long-term disability, and the City's share of pensioners' eligible medical, dental and other obligations.

In order to measure the post-employment obligation, an actuarial valuation was completed by the actuaries of Aon Consulting Inc. regarding the continuation of benefit coverage while eligible employees are on long-term disability. The discount rate used in the valuation is 5.5 per cent (2007 – 5.5 per cent). The accrued benefit obligation as at December 31, 2008 is $12,445 (2007 – $11,765). Total benefit plan related expense was $3,792 (2007 – $3,423) and was comprised of current service cost of $2,579 (2007 – $2,480), amortization of actuarial loss of $486 (2007 – $369) and interest cost on the accrued benefit obligation of $727 (2007 – $574). Benefits paid during the year were $2,261 (2007 – $1,995). The net unamortized actuarial loss was $2,063 (2007 – $2,913), to be amortized over the expected average remaining service period of disabled employees of 6 years (2007 – 6 years).

Eligible post-employment medical and dental obligations are estimated based on a five year average of pensioners' claim costs in excess of contributions until the pensioners reach age 65. Eligible medical obligations for 2008 were $1,596 (2007 – $1,507). Eligible dental obligations for 2008 were $323 (2007 – $244). Other post-employment benefits were $827 (2007 – $983).

The income replacement plan was a disability plan partially funded by employees, which was discontinued in April 1991. The outstanding obligation will be paid to employees in accordance with the terms and conditions of the plan. The obligation is based on an actuarial valuation as at December 31, 2008, completed by the actuaries of Aon Consulting Inc.

A Group Life Insurance Plan is provided by the City, funded equally by employer and employees. The Plan is administered by Great West Life.

The City sponsors certain employee benefit plans, which are funded through employee and/or employer contributions. Premium contributions, interest earnings, payments for benefit entitlements, and administrative costs are applied to each of the respective plans.

As of January 1, 2007, a Health Care Spending account came into effect for most permanent employees. These employees receive reimbursement of up to $0.5 per year for eligible expenses not covered under the Supplementary Health Care and Dental Plans. Amounts not used in the current year can be carried forward for one year, an estimate of which has been included in 2008 expenditures.

A Supplementary Management Retirement Plan for designated management employees was implemented effective for service beginning January 1, 2003. The liability for total current and past service costs of $842 (2007 – $724) has been based upon an actuarial valuation completed by Aon Consulting Inc. as at December 31, 2008.

8. Landfill Closure and Post-closure Care

Under legislation, the City has a liability for closure and post-closure care costs for its landfill. $19,526 (2007 – $18,178) of the estimated total landfill closure and post-closure care expenditures of $19,762 (2007 – $18,703) has been accrued at December 31, 2008. The estimated liability for these expenditures is recognized as the landfill site's capacity is used and the reported liability represents the portion of the estimated total expenditures recognized as at December 31, 2008, based on the cumulative capacity used at that date, compared to the total estimated landfill capacity. Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities, applying a discount rate at the City's average long-term borrowing rate of 5.1 per cent (2007 – 5.2 per cent), and an inflation rate of 2.5 per cent.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a 40 year period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and will be recognized prospectively, as a change in estimate, when applicable.

The estimated remaining capacity of the landfill site is 1.2 per cent of its total estimated capacity and its estimated remaining life is 1 year, after which the period for post-closure care is estimated to be 25 years.

With the landfill reaching capacity, the City has entered into a contract with Beaver Regional Waste Management Services Commission for their provision of landfill capacity effective February 26, 2007 through February 26, 2027, with a further option for the City to extend the term for ten additional years. Under the terms of the agreement the City pays the Commission tipping fees per tonne of waste delivered to the site.

9. Long-term Debt

a) Debt payable

Debt payable, issued in the name of the City, includes the following amounts:

	2008	2007
Debentures	$ 1,667,030	$ 1,539,181
Mortgages	11,783	12,151
	1,678,813	1,551,332
Less debt attributed to and secured by offsetting amounts receivable from:		
EPCOR Utilities Inc.	189,304	242,407
Edmonton Northlands	2,393	2,512
Sinking Fund assets	446,071	547,540
	1,041,045	758,873
Long-term debt is comprised of:		
Self-liquidating debt	493,327	429,330
Tax-supported debt	547,718	329,543
	$ 1,041,045	$ 758,873

The amount receivable from EPCOR Utilities Inc. relates to debentures issued in the name of the City on behalf of EPCOR Utilities Inc. and has the same repayment terms as the respective debt.

Outstanding debentures of $600,000 are secured by Sinking Fund assets with a carrying value of $446,071 (market value – $460,620) and required earnings of 5.0 per cent (2007 – 5.0 per cent). These assets are comprised of short-term notes and deposits, government and government guaranteed bonds and corporate bonds and debentures. Government and government guaranteed bonds include debentures of the City of Edmonton with a carrying value of $40,667 (market value – $44,172).

Short-term notes and deposits have an effective interest rate of 0.9 per cent (2007 – 3.8 per cent) and mature in less than one year. Government and corporate bonds and debentures have effective interest rates of 1.0 to 13.1 per cent (2007 – 3.8 to 6.3 per cent) with maturity dates from January 19, 2009 to June 1, 2037 (2007 – February 15, 2008 to March 26, 2037).

Principal payments on long-term debt for the next five years are as follows:

	2009	2010	2011	2012	2013
Self-liquidating debt	$ 51,366	$ 44,065	$ 39,392	$ 36,726	$ 35,178
Tax-supported debt	23,258	23,349	23,999	24,414	24,839
	74,624	67,414	63,391	61,140	60,017
Less:					
Payments on offsetting amounts receivable	6,078	5,037	2,439	1,859	1,982
Sinking Fund principal	18,145	13,609	11,341	9,073	6,049
	$ 50,401	$ 48,768	$ 49,611	$ 50,208	$ 51,986

Payments on offsetting amounts receivable and Sinking Fund principal amounts relate to self-liquidating debt. The above amounts do not include annual Sinking Fund required earnings.

b) Debt and debt service limits

A Regulation under section 271 of the MGA requires that debt, debt limit and debt service (principal and interest payments) limit be disclosed. The debt limit, as defined in the Regulation, is two times revenue net of capital government transfers. The debt service limit is calculated at 0.35 times of the same revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs.

The City's position with respect to the debt and debt service limits is as follows:

	2008	2007
Total debt limit	**$ 3,336,350**	$ 3,157,284
Total debt per Regulation	**1,043,438**	761,402
Percentage used (%)	**31.27**	24.12
Total debt service limit per Regulation	**$ 583,861**	$ 552,525
Total debt service	**103,124**	77,595
Percentage used (%)	**17.66**	14.04

c) Maturities and interest rates

Existing long-term debt matures in annual amounts to the year 2033 and debenture interest is payable, before provincial subsidy, at rates ranging from 3.2 to 12.0 per cent (2007 – 3.2 to 12.0 per cent). The average annual interest rate is 5.1 per cent for 2008 (2007 – 5.2 per cent) before rebate. The Province rebates 60 per cent of interest in excess of 8 per cent, 9 per cent, and 11 per cent for qualifying debt issues. The Province pays the interest for the first five years for qualifying debt issues related to energy conservation, through the ME *first*! program.

d) Interest on long-term debt

	2008	2007
Self-liquidating debt	**$ 90,472**	$ 102,162
Tax-supported debt	**18,412**	10,107
	108,884	112,269
Less payments on offsetting amounts receivable	**66,192**	79,392
Long-term debt interest included in interest and bank charges (Note 16)	**$ 42,692**	$ 32,877

10. Operating Fund

	2007	Excess (Deficiency) of Revenues over Expenditures	Transfers and Debt Repayment	2008
General Government:				
Operations	$ 37,755	$ (39,997)	$ (15,627)	**$ (17,869)**
Pension	31,779	(2,605)		**29,174**
Excess earnings on Sinking Fund	28,968	2,426	(1,200)	**30,194**
Drainage Services Utility	10,300	52,465	(52,542)	**10,223**
Land Enterprise	103,293	22,862	(2,417)	**123,738**
Mobile Equipment Services	41,156	18,072	(23,661)	**35,567**
Ed Tel Endowment Fund	689,927	(64,900)	(8,800)	**616,227**
EPCOR Utilities Inc.	2,367,189	176,206	(114,168)	**2,429,227**
Non-Profit Housing Corporation	776	84		**860**
The Edmonton Public Library	944	(630)	434	**748**
Edmonton Economic Development Corporation	2,097	1,324	(879)	**2,542**
Vehicle for Hire Commission	87	(13)		**74**
	$ 3,314,271	$ 165,294	$ (218,860)	**$ 3,260,705**

The general government operations fund balance includes $2,432 appropriated for future purposes. The Land Enterprise fund balance is partially used to finance strategic purchases of land for municipal purposes which will form part of capital projects in future years. See also Note 11.

11. Capital Fund

The capital fund balance is comprised of the following:

	2008	2007
Financing available:		
Funds for future construction	**$ 19,743**	$ 127,547
Drainage Services Utility capital financing	**54,706**	94,375
	74,449	221,922
Amounts to be financed:		
Land for future municipal purposes	**(117,723)**	(36,016)
Inventories of materials and supplies	**(26,302)**	(23,105)
Other physical assets	**(6,297)**	(5,136)
	(150,322)	(64,257)
	$ (75,873)	$ 157,665

Amounts related to inventories of materials and supplies will be financed at the point they are utilized.

Land for future municipal purposes and other physical assets to be financed will be addressed within the City's Capital Budget (Note 19a).

12. Reserve Fund

	2008	2007
General Government:		
Financial Stabilization	$ 85,413	$ 83,953
Financial Stabilization – appropriated	31,823	27,469
Waste Management rate stabilization	18,960	14,670
Affordable housing	18,459	15,825
Funds in Lieu - residential	15,324	18,248
Parkland reserve	12,618	6,590
LRT	9,814	4,870
Tax-supported debt	8,731	5,283
Enterprise portfolio/Commonwealth Stadium	6,752	7,408
Benefit plan	6,500	5,661
Natural areas	5,251	4,290
Other	3,957	5,433
Perpetual care	3,920	3,763
Heritage resources	2,896	2,492
Self insurance - vehicles	2,500	2,500
Northlands - capital	2,069	1,118
	234,987	209,573
The Edmonton Public Library	7,816	5,154
	$ 242,803	$ 214,727

City Council has approved an amount of $24,500 to be transferred from the Financial Stabilization reserve in 2009 to cover the 2008 operating deficit for tax-supported operations and to fund certain expenditures carried forward from 2008 to 2009.

13. Net Taxes Available for Municipal Purposes

	2008	2007
Taxes:		
Property and business taxes	$ 1,033,431	$ 930,109
Revenue in lieu of taxes	24,547	23,888
Local improvement levies	8,797	9,060
Other	5,761	5,508
	1,072,536	968,565
Less taxes on behalf of:		
Education	289,916	282,802
Business revitalization zones	2,221	2,017
	292,137	284,819
Net taxes available for municipal purposes	$ 780,399	$ 683,746

The City is required to levy taxes under section 353 of the MGA for the payment of education requisitions. Education tax revenues are recorded at the amounts levied. Actual taxes levied over/under the amount requisitioned are recorded as an adjustment to trade and other receivables.

An amount of education taxes payable of $1,590 on supplementary levies has been recorded at December 31, 2008 (2007 – $1,834) within accounts payable and accrued liabilities.

14. Government Transfers

The following government transfers have been included in revenues:

	2008	2007
Operating transfers:		
Federal	$ 19,669	$ 8,988
Provincial	63,502	49,962
	83,171	58,950
Capital transfers:		
Federal:		
Shared cost agreements	3,335	1,346
Entitlements	9,008	32,606
Grants/other government transfers	1,203	1,292
Provincial:		
Shared cost agreements	4,337	6,172
Entitlements	407,730	299,750
Grants/other agreement transfers	5,892	5,466
	431,505	346,632
	$ 514,676	$ 405,582

In 2008, the City received a new grant of $79,578 from the Province for Affordable Housing Program Municipal Block Funding. The grant will be administered through the City's Cornerstones program to assist qualified applicants to purchase/renovate existing rental accommodation units, to construct new units, and to develop secondary suites and transitional housing. $12,193 has been recognized as operating transfer revenue while $68,577 including interest of $1,192 has been deferred to future years.

In 2005 the Federal government introduced the New Deal for Cities and Communities to assist in reducing the backlog of necessary sustainable capital infrastructure projects that have been deferred. In 2008 the City received $19,987 (2007 – $54,836) and recognized $9,008 (2007 – $32,606) as capital government transfers and $17,362 (2007 – $23,726) including interest of $979 as deferred revenue under the Transportation Fuel Rebate - Federal. The City also recognized $18,322 (2007 – $6,375) as operating government transfers under the program. The funding was used for the South LRT project and bus fleet facilities and equipment rehabilitation.

The Provincial City Transportation Fund provides annual funding for developing and implementing safe, effective and integrated transportation systems and facilities. In 2008 the City received funding of $113,327 (2007 – $89,000) and has recognized $119,308 (2007 – $106,640) as capital government transfers and $33,395 (2007– $38,194) as deferred revenue under the Transportation Fuel Rebate - Provincial and $7,256 as deferred revenue for the North/South Trade Highway grant program.

The Provincial government introduced the Alberta Municipal Infrastructure Program (AMIP) in 2005 to assist municipalities in addressing capital infrastructure needs. In 2008 the City received a per capita grant of $120,694 (2007 – $135,547), and recognized $247,076 (2007 – $178,499) as government transfers. $74,562 (2007 – $194,461), including interest of $6,483 (2007 – $9,561), of cumulative AMIP transfers has been deferred to future years.

In 2007 the Provincial government introduced the Municipality Sustainability Initiative (MSI) program to provide Municipalities with sustainable funding. The City received $91,803 in 2008 (2007 – $49,321), of which $41,346 (2007 – $14,411) has been recognized as government transfers. $87,622 (2007 – $35,051), including interest of $2,114 (2007 – $141) has been deferred to future years.

The Provincial government has provided grants under the Alberta Disaster Relief Program for flood damage in 2004, 2005, and 2006. $455 (2007 – $653) has been recognized in operating government transfers and $712 (2007 – $1,404) in capital government transfers.

A grant of up to $29,000 has been approved under the Alberta Innovation and Science program, to provide funding for a solid waste gasification demonstration facility. In 2008, $10,000 (2007 – $14,500) was received, of which $886 has been recognized as government transfers. $24,996 (2007 – $15,112) including interest of $770 (2007 – $612), has been reported as deferred revenue.

In 2008 the City received $15,800 in a Major Community Facilities Program (MCFP) grant for the Southwest Recreational Centre, Muttart Conservatory and North Branch Library projects. $4,872 has been recognized as revenue and $10,928 including interest of $128 has been deferred (2007 – $nil).

In 2008 the City received $1,171 in Canada-Alberta Municipal Rural Infrastructure Funds (CAMRIF). $3,402 has been recognized from both Federal and Provincial Governments as revenue. $2,713 has been set up as receivable (2007 – $481).

The Provincial Government has provided grants under the Centennial Legacies Grant Program. In 2008, $6 in interest has been recognized as government transfers. The grants and interest have been used for the purposes consistent with clause 1 of the grant agreements.

For amounts deferred to future years, see Note 6.

15. Executive Salaries and Benefits

The following executive salaries and benefits are disclosed as required by Alberta Regulation 313/2000 of the MGA.

	Salaries	Benefits	**2008**	2007
Mayor	$ 140	$ 33	**$ 173**	$ 157
Councillors (12)	931	222	**1,153**	1,015
Chief Administrative Officer	373	18	**391**	323
City Assessor	152	20	**172**	182
	$ 1,596	$ 293	**$ 1,889**	$ 1,677

Councillors are each paid an annual base salary of $77.6. Each receives annual benefits in the range of $15.9 to $20.7.

Benefits include the City's share of all benefits and contributions made on behalf of executives, including retirement contributions, Canada Pension Plan, Employment Insurance, Alberta Health Care, dental coverage, medical coverage, group life insurance, short-term disability insurance, and transportation allowances.

Executive salaries and benefits are included in corporate administration expenditures.

16. Expenditures by Object

	2008	2007
Salaries, wages, and employee benefits	**$ 936,380**	$ 836,612
Contracted and general services	**261,110**	205,400
Materials, goods, supplies, and utilities	**174,513**	175,893
Interest and bank charges	**47,350**	37,363
Grants and other	**75,103**	37,244
Operating (Schedule 1)	**1,494,456**	1,292,512
Capital (Schedule 2)	**1,338,981**	870,770
	$ 2,833,437	$ 2,163,282

17. Subsidiary Operations

a) EPCOR Utilities Inc.

EPCOR Utilities Inc. (EPCOR), established by City Council under City Bylaw 11071, is wholly owned by the City and provides rate-regulated and non-rate-regulated electric utility services, natural gas services, water utility services, and complementary commercial services.

The following table provides condensed supplementary financial information for EPCOR. Consolidated financial statements are contained within EPCOR's annual report and can be obtained by contacting the corporate offices of EPCOR.

	2008	2007
Financial position:		
Current assets	$ 846,147	$ 847,848
Capital assets	4,728,103	4,215,673
Other assets	1,373,784	1,498,428
Total assets	6,948,034	6,561,949
Current liabilities (including current portion of long-term debt of $26,305 (2007 – $388,127))	942,280	1,374,535
Non-current liabilities	874,233	1,068,982
Long-term debt	2,702,294	1,751,243
Total liabilities	4,518,807	4,194,760
Accumulated other comprehensive loss	(47,098)	(63,365)
Retained earnings	2,476,325	2,430,554
Shareholder's equity	2,429,227	2,367,189
Results of operations:		
Revenues	3,476,191	3,696,625
Expenses	3,301,176	3,419,234
Net income	175,015	277,391
Net refundable tax adjustment and changes in accounting policies	1,191	35,686
Net income and adjustments	$ 176,206	$ 313,077
Net comprehensive income (loss) adjustment	$ 16,267	$ (60,938)

In the regulatory environment that EPCOR operates in, estimates are often required to be recorded until values are finalized and adjusted pursuant to subsequent regulatory decisions, or proceedings. Adjustments to previous estimates, which may be material, will be recorded in the period they become known.

In 2007 EPCOR adopted new accounting standards issued by the CICA for Comprehensive income, Equity, Financial Instruments and Hedges. In accordance with the standards, prior year financial statements were not restated. Net comprehensive income (loss) is a result of fair value adjustments not included in net income.

At December 31, 2008 EPCOR held $42,000 (2007 – $60,000) in Canadian non-bank sponsored asset backed commercial paper (ABCP), all of which was purchased in 2007 at an original cost of $71,000. Under the terms of restructuring approved in December 2008 and implemented in January 2009, EPCOR will record the exchange of ABCP for new notes at their estimated fair value. The new notes will be subject to on-going fair value adjustments at each reporting date. Adjustments are not expected to be material.

On October 31, 2008, EPCOR, through its Power LP subsidiary, acquired 100 per cent of the equity interest in Morris Cogeneration LLC (Morris), a combined heat and power facility in Illinois, for $89,000 in cash. The financial results of Morris are included from the date of acquisition.

In 2006 EPCOR finalized an agreement to sell its Battle River Power Purchase Arrangement and its related interest in the Battle River Power Syndicate Agreement to ENMAX Corporation. The sale of 55 per cent took place on June 5, 2006 for $343,300 with the remaining 45 per cent interest to be sold over a four year period for gross proceeds of $224,000. Additional sales of 10 per cent took place on January 1, 2007 for $59,000 and on January 1, 2008 for $53,000. Further sales of 10 per cent will close in 2009 with the remaining sale of 15 per cent to take place in 2010.

On February 26, 2007 EPCOR and TransAlta Corporation announced their decision to build Keephills 3, a coal fired generation plant. The construction is expected to be completed in 2011, with EPCOR's estimated 50 per cent committed share of the total capital cost to be $903,000 (2007 – $820,000), of which $424,000 has been incurred as at December 31, 2008 (2007 – $165,000).

Principal payments on long-term debt for the next five years are as follows:

2009	$ 26,305
2010	307,602
2011	214,709
2012	51,835
2013	231,463

EPCOR has issued letters of credit for $252,961 (2007 – $357,049) to meet the credit requirements of energy market participants, to meet conditions of certain agreements and to satisfy legislated reclamation requirements.

The following summarizes the City's related party transactions with EPCOR for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

	2008	2007
Dividend paid to the City	**$ 130,435**	$ 127,600
Power and water purchased by the City	**25,723**	24,924
Other services purchased by the City	**71,531**	52,658
Franchise fees and revenue tax to the City	**41,473**	39,119
Property taxes and other taxes to the City	**10,106**	9,750
Sales of administrative and construction services from the City	**7,359**	7,101
Financing expenses paid or payable to the City	**43,604**	54,400
Costs of capital construction paid or payable to the City	**2,667**	14,219
Excess earnings in Sinking Fund available to EPCOR as at December 31		28,013

Within current assets and other assets is $10,018 (2007 – $31,688) due from the City, including excess earnings available in the Sinking Fund. Excess earnings in the Sinking Fund to December 31, 2007 were withdrawn from the Fund in 2008. Additional excess earnings in the Sinking Fund available to EPCOR for 2008 of $1,202 were confirmed after the completion of the EPCOR consolidated financial statements and therefore have not been reflected in the summary information above.

Long-term debt reported by EPCOR includes amounts of $189,304 (2007 – $242,407) issued in the name of the City. Offsetting short and long-term receivables from EPCOR have been applied to reduce the consolidated long-term debt (Note 9).

b) The City of Edmonton Non-Profit Housing Corporation (Non-Profit Housing Corporation)

The City is the sole shareholder of Non-Profit Housing Corporation, established in 1977 for the purpose of providing non-profit housing for the citizens of Edmonton. Pursuant to operating agreements, Non-Profit Housing Corporation receives subsidies from Canada Mortgage and Housing Corporation and Alberta Housing and Urban Affairs.

The financial statements of Non-Profit Housing Corporation are prepared in accordance with a disclosed basis of accounting. The effect, had the financial statements been prepared in accordance with generally accepted accounting principles, would not be material to the amounts disclosed by the City. The following table provides condensed supplementary financial information for Non-Profit Housing Corporation.

		2008		2007
Financial position:				
Current assets	$	4,669	$	4,145
Housing projects		22,713		18,564
Total assets		27,382		22,709
Current liabilities (includes current portion of mortgages payable of $1,749 (2007 – $1,650))		2,861		2,238
Long term debt		17,229		17,901
Deferred capital grant		4,412		
Total liabilities		24,502		20,139
Replacement reserves		2,020		1,794
Net assets – internally restricted		860		776
Results of operations:				
Revenues		5,991		5,391
Expenses		5,251		4,582
Excess of revenue over expenses		740		809
Interest earned		24		33
Reserve allocation		(680)		(809)
Change in net assets	$	84	$	33

Included in current assets is a cash balance of $4,496 (2007 – $4,048) which is managed by the City on behalf of Non-Profit Housing Corporation.

During 2008, Non-Profit Housing Corporation acquired an additional rental property. Two other properties are currently under development.

Principal payments on long-term debt for the next five years, assuming renewals of mortgages on similar terms and conditions, are as follows:

2009	$ 1,749
2010	1,826
2011	1,882
2012	1,990
2013	2,194

18. Pension and Long-term Disability Plans

a) Local Authorities Pension Plan

All employees of the City, with the exception of police officers, are members of the Local Authorities Pension Plan (LAPP), which is one of the multi-employer plans covered by the *Public Sector Pension Plans Act*.

The City is required to make current service contributions to the Plan of 7.75 per cent of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 10.64 per cent thereafter. Employees of the City are required to make current service contributions of 6.75 per cent of pensionable salary up to YMPE and 9.64 per cent thereafter. Contributions for current service are recorded as expenditures in the year in which they become due. Effective January 1, 2009 contribution rates will increase by a total of 1.57 per cent of pensionable payroll, evenly divided between the City and employees.

Total current service contributions by the City to the LAPP in 2008 were $46,543 (2007 – $39,188). Total current service contributions by the employees of the City to the LAPP in 2008 were $41,555 (2007 – $34,593).

b) Special Forces Pension Plan

Police officers employed by the City are participants in the multi-employer Special Forces Pension Plan (SFPP). The City is required to make current service contributions to the Plan of 10.36 per cent of pensionable payroll. In addition, past service contributions to the Plan of 0.75 per cent of pensionable payroll are required to eliminate an unfunded liability related to service prior to 1992, on or before December 31, 2036. Participants of the SFPP are required to make current service contributions of 9.26 per cent of pensionable salary and past service contributions of 0.75 per cent of pensionable salary to the Plan. Contributions for current and past service are recorded as expenditures in the year in which they become due.

Total current and past service contributions by the City to the SFPP in 2008 were $12,830 (2007 – $11,633). Total current and past service contributions by the participants to the SFPP in 2008 were $11,559 (2007 – $10,481).

c) City-Sponsored Pension and Long-Term Disability Plans

The following summarizes plans sponsored by the City. Assets related to the plans are held in trust as disclosed in Note 21.

i) Annuity Plan

The City provides pension benefits to members who were retired at the time the City's Pension Plan was transferred to the Province of Alberta. There are no active members enrolled in the Plan and no further contributions are expected to be made to the Fund.

Total benefits paid during the year were $31 (2007 – $35).

ii) Police Supplementary Pension Plan

The Police Supplementary Pension Plan (PSPP) provides benefits supplementary to the LAPP for 26 beneficiaries. There are no active police officers enrolled in the PSPP and no further contributions are expected to be made to the Fund.

Total benefits paid during the year were $121 (2007 – $114).

iii) Fire Fighters' Supplementary Pension Plan

The Fire Fighters' Supplementary Pension Plan (FFSPP) is a defined benefit pension plan covering members of the City Fire Fighters' Union. Pensions are payable to retired fire fighters and surviving spouses of deceased fire fighters. This pension is reduced by the pension payable to the member under the LAPP.

Total benefits paid during the year were $4,971 (2007 – $4,945). Employee contributions for the year were $2,001 (2007 – $1,574). Due to the funded surplus position, the City has taken a contribution holiday beginning January 2001.

iv) Fire Chief and Deputy Fire Chiefs' Supplementary Pension Plan

The City of Edmonton Fire Chief and Deputy Fire Chiefs' Supplementary Pension Plan (Fire Chief) is a defined benefit pension plan covering employees in the positions of fire chief and deputy fire chiefs. Contributions are made by plan members and the City. The pension is reduced by the pension payable to the member under the LAPP.

Total benefits paid during the year were $179 (2007 – $203). Employee contributions for the year were $11 (2007 – $9), and employer contributions were $7 (2007 – $179).

An actuarial valuation for each pension plan was completed by Aon Consulting Inc. as at December 31, 2008. Each 2008 actuarial valuation was based upon a number of assumptions about future events, which reflect management's best estimates. The expected inflation rate is 2.75 per cent (2007 – 2.75 per cent). The discount rate used to determine the accrued benefit obligation is 6.25 per cent (2007 – 6.25 per cent). Each pension fund's assets are valued at market value. The expected rate of return on plan assets is 6.25 per cent (2007 – 6.25 per cent).

The following table sets out the results for each of the pension plans:

	Annuity	PSPP	FFSPP	Fire Chief	**2008**	2007
Fair value of assets	$ 7,331	$ 6,055	$ 108,208	$ 1,846	**$ 123,440**	$ 149,823
Accrued benefit obligation	17	749	122,093	2,250	**125,109**	120,428
Funded status – surplus (deficit)	7,314	5,306	(13,885)	(404)	**(1,669)**	29,395
Unamortized net actuarial loss			42,707	756	**43,463**	17,429
Accrued benefit asset	7,314	5,306	28,822	352	**41,794**	46,824
Valuation allowance	7,314	5,306			**12,620**	15,045
Net fund asset	$	$	$ 28,822	$ 352	**$ 29,174**	$ 31,779

The net fund asset balance is included in other assets (Note 4). The net actuarial loss is amortized on a straight line basis over the expected average remaining service life (EARSL) of the Fire Fighters' plan of 15.7 years (2007 – 15.1 years) and of the Fire Chief plan of 3.7 years (2007 – 4.7 years).

The following table sets out the benefit plan related expense for each of the pension plans:

	Annuity	PSPP	FFSPP	Fire Chief	**2008**	2007
Current service cost	$	$	$ 4,238	$ 12	**$ 4,250**	$ 3,359
Amortization of actuarial loss	1,874	1,491	1,142	60	**4,567**	1,439
Increase (decrease) in valuation allowance	(1,334)	(1,091)			**(2,425)**	51
Less: employee contributions			(2,001)	(11)	**(2,012)**	(1,583)
Benefit plan expense for the year	540	400	3,379	61	**4,380**	3,266
Interest cost on accrued benefit obligation	4	53	7,300	137	**7,494**	6,883
Expected return on plan assets	(544)	(453)	(8,121)	(144)	**(9,262)**	(9,326)
Benefit plan interest income	(540)	(400)	(821)	(7)	**(1,768)**	(2,443)
Total benefit plan related expense	$	$	$ 2,558	$ 54	**$ 2,612**	$ 823

v) **Long-Term Disability Plan**

The Long-Term Disability Plan is available to permanent employees to provide protection against loss of income. The employee pays 100 per cent of the premium for the Plan.

An actuarial valuation of the Plan was completed by Aon Consulting Inc. as at December 31, 2008. The Plan's assets are valued using a moving average market value.

		2008		2007
Fair value of assets	**$**	**64,203**	$	64,898
Less:				
Accrued benefit obligation		**50,772**		49,804
Other obligations and deferred gains		**1,770**		6,300
Net fund asset	**$**	**11,661**	$	8,794

19. Commitments

a) Capital Commitments

City Council has approved 2009 – 2011 Capital Budget expenditures of $5,303,785. Certain of the projects include expenditures which extend beyond 2011. The 2009 requirement of $1,562,939 is to be funded as follows:

Reserves, government transfers, and developer contributions	$	823,185
Pay-As-You-Go financing		110,702
Tax-supported debentures		452,956
Self-liquidating debentures		176,096
	$	1,562,939

Capital requirements related to EPCOR are not included in the Capital Budget. Certain capital commitments for EPCOR have been disclosed in Note 17.

b) Lease Commitments

The City has entered into a number of operating lease agreements, mainly for facilities and equipment. Lease commitments over the next five years are as follows:

2009	$	18,560
2010		16,085
2011		12,318
2012		10,361
2013		9,043

c) Contractual Obligations

To mitigate the risk of fluctuation in fuel prices the City has entered into forward contracts to purchase 19.5 million litres of heating oil at dates ranging from February 6, 2009 through January 8, 2010 at a price of $0.525 per litre, or $10,237.

The City purchased a total of $24,800 USD at dates ranging from January 29, 2008 through October 3, 2008 at an effective rate of $1.0054, or $24,934. The contracts were used to partially offset foreign exchange risk on the purchase of light rail transit vehicles.

20. Contingent Liabilities

a) The City is defendant in various lawsuits as at December 31, 2008. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition, and the amount of loss can be reasonably estimated, amounts have been included within accrued liabilities. Where the resulting losses, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded, and the City's Administration believes there will be no material adverse effect on the financial position of the City.

b) The City is reviewing environmental objectives and liabilities for its activities and properties and potential site reclamation obligations. The amount of any such obligations has not been determined.

21. Trust Assets under Administration

The City administers Pension Fund, Long-Term Disability Plan and other assets in trust on behalf of third parties. As related trust assets are not owned by the City, the trusts have been excluded from the reporting entity.

	2007	Deposits (Withdrawals)	Earnings (Losses)	2008
Pension Funds Net Assets:				
Annuity Fund	$ 8,720	$ (41)	$ (1,348)	**$ 7,331**
Police Supplementary Pension Fund	7,308	(132)	(1,121)	**6,055**
Fire Fighters' Supplementary Pension Fund	131,415	(3,201)	(20,006)	**108,208**
Fire Chief and Deputy Fire Chiefs' Supplementary Pension Fund	2,380	(167)	(367)	**1,846**
	149,823	(3,541)	(22,842)	**123,440**
Long-Term Disability Plan	62,815	1,247	(681)	**63,381**
Other	650	2	9	**661**
	$ 213,288	$ (2,292)	$ (23,514)	**$ 187,482**

Pension Fund assets include fixed income investments in government and government guaranteed bonds, corporate bonds, short-term notes and deposits, valued at market quotations from Canadian investment dealers, and Canadian and international common and preferred shares valued at the closing price on the stock exchange where listed. Assets of the pension funds are administered by the Investment Committee of the City.

Long-Term Disability Plan assets are investments held in trust, comprised of short-term notes and deposits, government and government guaranteed bonds, corporate bonds, debentures, and Canadian and international common and preferred shares.

22. Segment Disclosures

The City has adopted the new recommendations of PSAB Handbook Section 2700 (PS2700) *Segment Disclosures* for 2008, in preparing Schedule 4 – Consolidated Schedule of Segment Disclosures, and has provided comparative information for 2007. This additional reporting is intended to enable users to better understand the government reporting entity and the major activities of the City.

The segments have been selected based on a presentation similar to that adopted for the municipal financial planning and budget processes. Segments include:

a) Tax-Supported – Operating and Capital

Tax-supported programs are those such as protective services or transportation services which are supported directly by property and business taxes. This segment also includes the tax allocation provided directly to other operations.

b) Ed Tel Endowment Fund

The Ed Tel Endowment Fund is an investment fund created in 1995 with the proceeds from the sale of the municipal telephone company. The proceeds from the sale were invested and provide an annual dividend to support tax-supported programs based on conditions set out in Bylaw 11713.

c) Utility and Enterprises - Operating and Capital

The utility and enterprises are expected to operate on a self-sustaining basis through their rate structure and to earn a return which remains within the operation to support future rates and address upcoming capital requirements. Utility and enterprises are comprised of Drainage Services Utility, Land Enterprise and Mobile Equipment Services.

d) EPCOR

The EPCOR government business enterprise has been presented separately due to its size and distinct basis of reporting within the City entity.

e) Other Entities – Operating and Capital

Operating and capital results for other organizations include Edmonton Economic Development Corporation, Edmonton Public Library, Vehicle for Hire Commission, and the Non-Profit Housing Corporation government business enterprise. These organizations form part of the City reporting entity but are managed by separate Boards or Authorities.

The accounting policies used in the segment disclosures are consistant with those followed in the preparation of the consolidated financial statements (Note 1). For each reported segment, revenues and expenditures represent amounts directly attributable to the segment. Adjustments made upon consolidation have been shown in Schedule 4 - Consolidated Schedule of Segment Disclosures, to be consistent with the Consolidated Statement of Financial Activities.

23. Subsequent Events

Effective January 1, 2009 a Waste Management Utility is being formed, based upon City Council approval of the change to the business model at their meeting of March 25, 2008. Prior to the change, the waste management function was a partially tax-levy funded operation. As a utility, the operation will be expected to fully cover expenditures through user rates and earn a return which will be maintained within the utility to address future capital requirements.

On May 29, 2008 the Province of Alberta announced a transfer of responsibility for ground ambulance services from municipalities to the new provincial health authority, to take effect April 1, 2009. Agreements are being finalized around the transfer with Alberta Health Services. The City will continue to provide certain support services during a transitional period to be determined, under a fee for service arrangement. Ambulance revenues are included in user fees and sale of goods and services and associated expenditures are reported within Emergency Response in the Consolidated Statement of Financial Activities.

At their meeting of January 20/21, 2009, Edmonton City Council approved the transfer of the Gold Bar Wastewater Treatment Plant assets and liabilities to EPCOR. The transfer is to be effective March 31, 2009 for a transfer fee of $75,000 payable to the City over seven years. Under the terms of a master agreement being finalized, the City will continue to provide certain support services for a transitional period during 2009, under a fee for service arrangement. The Gold Bar Wastewater Treatment Plant has formed part of the Sanitary Drainage Services operation within the City consolidated reporting entity. Subsequent to the transfer it will form part of the EPCOR government business enterprise.

24. Future Accounting Standards

Reporting standards for local governments are changing. Effective January 1, 2009, local governments are required to adopt the full accrual basis of accounting. Consistent with this change, PSAB Handbook Section 1200 (PS1200) *Financial Statement Presentation*, requires all local governments to provide a statement of financial position, a statement of operations, a statement of changes in net debt and a statement of cash flows. The statement of financial position must present the non-financial assets (including tangible capital assets), the net debt and the accumulated surplus or deficit. Current year budget and actual figures are to be presented on both the statement of operations and the statement of changes in net debt. Any information regarding funds and reserves is to be reported in the notes or schedules only.

25. Tangible Capital Assets

The 2008 consolidated financial statements continue to follow the accounting principles as outlined for Physical Assets in Note 1h), consistent with the prior year. Costs and accumulated depreciation, based upon the existing accounting policy, have been provided in Note 5.

Reporting requirements for municipal tangible capital assets are changing with the implementation of PSAB Handbook Section 3150 (PS3150) *Tangible Capital Assets*, effective by January 1, 2009. In the interim, PSAB Accounting Guideline 7 (PSG-7) *Tangible Capital Assets of Local Governments* provides transitional guidance. The City of Edmonton will fully implement the change with 2009 reporting. In preparation, revised internal capitalization policies were approved in 2007, consistent with the future requirement. The City has recently completed its valuation of all tangible capital assets and the associated accumulated amortization and asset useful lives as at December 31, 2007, along with the additions, disposals and amortization leading to the balances as at December 31, 2008. Where actual historical costs were unavailable, estimates were consistently applied. Work is ongoing to revise the related budgeting process and fully implement a new asset system module to support the future information requirements.

A continuity schedule setting out the 2008 balances and changes by major asset classification has been provided below, followed by additional information consistent with PSG-7 and PS3150.

Cost	2008 Opening Balance	Additions	Disposals	**2008 Closing Balance**
Land	$ 668,201	$ 95,786	$ 23,283	**$ 740,704**
Land improvements	652,230	50,250	67	**702,413**
Buildings	839,832	43,327	15,192	**867,967**
Machinery and equipment	431,989	53,450	3,449	**481,990**
Vehicles	530,823	37,419	9,601	**558,641**
Engineered structures				
Roadway system	4,283,783	257,801	62,204	**4,479,380**
Drainage system	1,833,569	220,876		**2,054,445**
Light rail transit	513,231	6,104	503	**518,832**
Waste	135,029	7,183		**142,212**
Bus system	70,628	3,517	247	**73,898**
Other	8,636	245		**8,881**
	9,967,951	775,958	114,546	**10,629,363**
Assets under construction	574,237	596,991		**1,171,228**
	$ 10,542,188	$ 1,372,949	$ 114,546	**$ 11,800,591**

Accumulated Amortization	2008 Opening Balance	Amortization	Disposals	2008 Closing Balance
Land improvements	$ 360,763	$ 15,120	$ 67	**$ 375,816**
Buildings	557,614	17,036	15,177	**559,473**
Machinery and equipment	223,094	43,662	2,968	**263,788**
Vehicles	222,503	33,459	8,711	**247,251**
Engineered structures				
Roadway system	2,447,210	122,832	35,345	**2,534,697**
Drainage system	486,395	28,643		**515,038**
Light rail transit	249,545	11,058	192	**260,411**
Waste	61,585	8,172		**69,757**
Bus system	33,511	3,203	247	**36,467**
Other	1,790	326		**2,116**
	4,644,010	$ 283,511	$ 62,707	**4,864,814**
Net Book Value	$ 5,898,178			**$ 6,935,777**

The following principles have been applied and information used in preparing the tables above, in preparation for the full implementation of PS3150 in 2009.

a) Acquisition and amortization of tangible capital assets

Tangible capital assets are represented at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Interest capitalized during 2008 was $405, relating to utility assets only.

The cost, less the residual value of the tangible capital assets, is amortized on a straight-line basis over the estimated useful lives of the assets:

Land improvements	20 to 50 years
Buildings	10 to 60 years
Machinery and equipment	3 to 50 years
Vehicles	9 to 35 years
Engineered structures	7 to 100 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use as intended.

There were no write-downs in 2008.

b) Contributed tangible capital assets

$191,832 in land, land improvements, and engineered structures were contributed to the City during 2008, and were represented at their fair value at the time received.

c) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all benefits and risks incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred. Assets under capital lease are included within the respective asset classification in the tables above.

d) Land under roads

Land under roads that is acquired other than by a purchase agreement is valued at a nominal amount.

e) Cultural, historical and works of art

The City manages and controls various works of art and non-operational historical and cultural assets including buildings, artifacts, paintings and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

26. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

2008 Annual Report
City of Edmonton, Alberta, Canada

SCHEDULES & STATISTICS

STATISTICAL REVIEW FOR THE YEARS 2004 TO 2008
GENERAL MUNICIPAL DATA

Unaudited

	2008	2007	2006	2005	2004
Population (Note 1)	**752,412**	730,372	730,372	712,391	666,104
Population age distribution (%) (Note 1)					
0-4	**5.70**	5.58	5.58	4.20	5.80
5-19	**17.80**	18.10	18.10	18.09	19.64
20-29	**17.60**	17.52	17.52	18.18	16.54
30-39	**14.60**	14.31	14.31	14.78	15.87
40-49	**15.20**	15.92	15.92	15.89	16.20
50-59	**13.10**	12.77	12.77	12.65	10.58
60-64	**4.30**	3.93	3.93	3.94	3.69
65+	**11.70**	11.87	11.87	12.27	11.68
Area - in hectares	**69,980**	69,980	69,980	69,980	69,980
- in square kilometers (rounded)	**700**	700	700	700	700
Value of building permits ($000)	**$ 2,611,673**	$ 2,461,527	$ 2,305,717	$ 2,110,749	$ 1,380,933
Number of housing starts (per Canada Mortgage and Housing Corporation)	**3,979**	8,894	9,816	9,434	8,159
Household median total income (Note 2) (per Statistics Canada) ($)					
Edmonton	**$ 79,300**	$ 79,300	$ 79,300	$ 72,600	$ 68,100
Alberta	**78,400**	78,400	78,400	71,000	66,400
Canada	**63,600**	63,600	63,600	60,600	58,100
Consumer price index - 2002 base year (per Statistics Canada)					
Edmonton	**121.4**	117.4	112.0	108.6	106.4
Alberta	**121.6**	117.9	112.3	108.1	105.9
Canada	**114.1**	111.5	109.1	107.0	104.7
Unemployment rate (%) - annual average (per Statistics Canada)					
Edmonton (metropolitan area)	**3.7**	3.8	3.9	4.5	4.8
Alberta	**3.6**	3.5	3.4	3.9	4.6
Canada	**6.1**	6.0	6.3	6.8	7.2
City of Edmonton employees (Note 3)	**11,847**	11,077	10,611	10,137	9,727

Source: The City of Edmonton Planning and Development Department.

Notes:
1. The population figures are as per the 2001 Canada, 2005 City, 2006 Canada and 2008 City Census.
2. Updated figures for 2007 and 2008 household median total income are not yet available. The amounts shown continue to reflect the 2006 data.
3. Positions are stated in full time equivalents.

STATISTICAL REVIEW FOR THE YEARS 2004 TO 2008
ASSESSMENT AND TAX LEVY

Unaudited (in thousands of dollars, except per capita)

	2008	2007	2006	2005	2004
Assessment:					
Total taxable assessment (market value)	**$ 130,528,323**	$ 79,636,231	$ 64,209,785	$ 57,758,248	$ 52,239,492
Percentage of total assessment represented by:					
Residential properties	**80.7**	77.8	77.3	78.1	78.4
Commercial properties	**19.3**	22.2	22.7	21.9	21.6
Taxable assessment per capita	**$ 173,480**	$ 109,035	$ 87,914	$ 81,077	$ 78,425
Assessment for principal taxpayers (%) (Note 1)	**3.4**	4.1	4.1	4.4	4.7
Rates of taxation (mills):					
Single family residential	**5.46**	8.33	9.44	9.68	9.85
Other residential property	**5.99**	9.11	10.30	10.84	11.02
Commercial and industrial	**14.68**	17.25	19.17	21.17	22.47
Tax levy, collections, and arrears:					
Current year's levy:					
Property	**$ 958,935**	$ 837,189	$ 765,755	$ 721,523	$ 672,932
Business	**89,054**	107,489	99,594	95,113	86,880
Collections:					
Property	**$ 952,373**	$ 835,374	$ 769,804	$ 720,313	$ 669,616
Business	**88,739**	107,878	98,835	94,551	85,894
Arrears at December 31 (net):					
Property	**$ 30,575**	$ 26,714	$ 23,622	$ 24,473	$ 22,560
Business	**1,251**	1,200	1,646	2,318	1,251
Percentage of current property taxes collected	**97.7**	97.5	98.4	97.7	97.5
Percentage of net property tax arrears collected	**58.9**	79.6	66.2	69.7	59.2
Property tax arrears per capita (gross)	**$ 41.32**	$ 42.20	$ 40.14	$ 43.51	$ 43.01
Property tax arrears per capita (net)	**40.64**	36.58	32.34	34.35	33.87
Property tax levy per capita	**1,274.48**	1,146.25	1,048.45	1,012.82	1,010.25
Education taxes	**$ 289,916**	$ 282,802	$ 267,885	$ 259,634	$ 246,003

Source: The City of Edmonton Planning and Development Department.

Note:
1. Includes the ten highest taxpayers by assessment value.

STATISTICAL REVIEW FOR THE YEARS 2004 TO 2008
INVESTMENT FUNDS

Unaudited (in thousands of dollars)

	2008	2007	2006	2005	2004
Investment funds (Note 1)					
The Balanced Fund					
Net assets-market value	$ 472,897	$ 499,751	$ 487,445	$ 449,389	$ 385,601
Net assets-cost	504,027	503,056	469,069	439,078	365,504
Net earnings	820	33,828	29,833	45,064	18,834
Fund rate (%)	0.2	7.2	6.8	12.3	8.3
Market (%)	(5.3)	2.7	8.6	9.5	8.3
Ed Tel Endowment Fund					
Net assets-market value	$ 541,021	$ 698,820	$ 726,830	$ 677,704	$ 631,290
Net assets-cost	616,227	689,927	662,901	640,874	589,064
Net earnings	(29,700)	66,981	59,850	80,598	31,536
Fund rate (%)	(4.8)	9.7	9.0	12.6	5.4
Market (%)	(16.0)	2.0	13.1	12.3	9.5
Sanitary Servicing Strategy Fund (Note 2)					
Net assets-market value	$	$ 10,618	$ 20,564	$ 29,900	
Net assets-cost		10,618	20,827	30,311	
Net earnings	384	491	831	389	
Fund rate (%)	N/A	4.6	4.0	1.3	
Market (%)	N/A	3.0	3.0	3.0	
The Sinking Fund					
Net assets-market value	$ 493,040	$ 611,656	$ 616,739	$ 570,641	$ 563,501
Net assets-cost	477,467	605,470	606,933	554,114	543,047
Net earnings:					
Required	22,459	25,933	25,569	25,847	26,465
Unappropriated	3,628	(226)	4,418	11,030	7,300
Total	26,087	25,707	29,987	36,877	33,765
Fund rate (%)	5.5	4.2	4.9	6.7	6.2
Market (%)	7.2	3.9	4.1	5.9	6.6

Source: The City of Edmonton Finance and Treasury Department.

Notes:

1. This schedule summarizes significant investment funds maintained by the City of Edmonton.
   a) Net earnings are realized earnings of the fund in accordance with generally accepted accounting principles.
   b) Fund rate is the rate expressed as the earnings for the year over the weighted average of total assets employed.
   c) Market return is based on the time-weighted method, in accordance with industry standards.
2. The Sanitary Servicing Strategy Fund was established on July 29, 2005 and wound up as a separate fund on December 1, 2008.

STATISTICAL REVIEW FOR THE YEARS 2004 TO 2008
LONG-TERM DEBT
Unaudited (in thousands of dollars, except per capita)

	2008	2007	2006	2005	2004
Debenture borrowing					
Self-liquidating	**$ 87,231**	$ 55,594	$ 53,136	$ 35,338	$ 45,300
Tax-supported	**234,443**	191,163	49,119	47,928	45,447
	321,674	246,757	102,255	83,266	90,747
Debt limit per regulation	**$ 3,336,350**	$ 3,157,284	$ 2,842,856	$ 2,721,190	$ 2,362,738
Total debt limit used	**1,043,438**	761,402	546,877	473,435	420,914
Percentage used (%)	**31.27**	24.12	19.24	17.40	17.81
Debt service limit per regulation	**583,861**	552,525	497,500	476,208	413,481
Total debt service limit used	**103,124**	77,595	60,280	55,785	55,036
Percentage used (%)	**17.66**	14.04	12.12	11.71	13.31
General government debt service	**54,853**	38,278	29,497	26,729	33,936
General government debt service of general government operating fund expenditures (%)	**4.0**	3.2	2.7	2.6	3.6
Long-term debt (gross)					
Self-liquidating	**$ 1,131,095**	$ 1,221,789	$ 1,255,760	$ 1,249,185	$ 1,317,281
Tax-supported	**547,718**	329,543	147,501	103,784	59,217
Long-term debt (net of Sinking Fund)					
Self-liquidating	**$ 685,024**	$ 674,249	$ 708,198	$ 751,216	$ 820,544
Tax-supported	**547,718**	329,543	147,501	103,784	59,217
Net debt per capita					
Self-liquidating	**$ 910**	$ 923	$ 982	$ 1,054	$ 1,232
Tax-supported	**728**	451	205	146	89
	$ 1,638	$ 1,374	$ 1,187	$ 1,200	$ 1,321
Percentage of total debt to be retired					
Within 5 years	**31.5**	36.4	42.5	46.3	48.8
Within 10 years	**56.6**	60.8	64.9	67.2	69.9

Source: The City of Edmonton Finance and Treasury Department.

STATISTICAL REVIEW FOR THE YEARS 2004 TO 2008
CONSOLIDATED EXPENDITURES

Unaudited (in thousands of dollars)

Consolidated Expenditures by Function

	2008	2007	2006	2005	2004
Transportation services	$ 1,051,206	$ 795,241	$ 490,965	$ 438,740	$ 392,158
Protective services	439,570	386,361	352,359	331,819	310,548
Community services	375,195	320,043	261,517	222,979	193,409
Corporate administration and general municipal	313,910	224,282	210,450	216,226	191,104
Utility and enterprise services	532,640	361,019	309,006	253,871	226,525
Waste management	120,916	76,336	69,740	61,317	58,432
	$ 2,833,437	$ 2,163,282	$ 1,694,037	$ 1,524,952	$ 1,372,176

Consolidated Expenditures by Object

	2008	2007	2006	2005	2004
Operating:					
Salaries, wages and employee benefits	$ 936,380	$ 836,612	$ 755,325	$ 703,729	$ 652,738
Contracted and general services	261,110	205,400	205,895	188,237	143,530
Materials, goods, supplies and utilities	174,513	175,893	140,605	138,954	152,146
Interest and bank charges	47,350	37,363	34,356	40,808	33,021
Grants and other	75,103	37,244	42,028	24,650	5,290
	1,494,456	1,292,512	1,178,209	1,096,378	986,725
Capital	1,338,981	870,770	515,828	428,574	385,451
	$ 2,833,437	$ 2,163,282	$ 1,694,037	$ 1,524,952	$ 1,372,176

Capital Expenditures by Financing Source

	2008	2007	2006	2005	2004
Capital Expenditures	$ 1,338,981	$ 870,770	$ 515,828	$ 428,574	$ 385,451
Financing Sources Applied:					
General financing (Pay-As-You-Go)	116,580	99,558	89,330	81,220	69,525
Debenture borrowing	321,674	211,122	98,207	83,977	78,935
Government transfers - Federal	11,662	35,245	12,826	26,279	10,633
Government transfers - Provincial	415,321	310,664	125,795	98,411	99,193
Developer/partnership	196,173	110,598	123,133	68,726	83,181
Reserves/user fees/other	277,571	103,583	66,537	69,961	43,984
	$ 1,338,981	$ 870,770	$ 515,828	$ 428,574	$ 385,451

Source: The City of Edmonton Finance and Treasury Department.

STATISTICAL REVIEW FOR THE YEARS 2004 TO 2008
REVENUES AND RESERVES

Unaudited (in thousands of dollars)

Revenues - consolidated

	2008	2007	2006	2005	2004
Net taxes available for municipal purposes	$ **780,399**	$ 683,746	$ 617,909	$ 577,680	$ 533,897
User fees and sale of goods and services	**471,028**	468,188	392,881	374,737	333,288
Subsidiary operations	**176,290**	313,110	612,651	187,152	205,991
Government transfers	**514,676**	405,582	193,071	177,679	149,833
Investment earnings	**(11,281)**	116,658	103,546	145,403	64,471
Franchise fees	**76,116**	68,599	65,011	62,019	57,331
Developer and customer contributions	**183,488**	98,309	114,532	79,943	91,191
Fines and penalties	**44,122**	39,675	36,951	34,922	34,318
Licences and permits	**41,132**	44,517	36,379	30,875	28,675
	$ **2,275,970**	$ 2,238,384	$ 2,172,931	$ 1,670,410	$ 1,498,995

Reserves

	2008	2007	2006	2005	2004
General Government					
Financial Stabilization	$ **85,413**	$ 83,953	$ 79,368	$ 75,057	$ 53,044
Financial Stabilization – appropriated	**31,823**	27,469	32,908	6,984	4,950
Waste Management rate stabilization	**18,960**	14,670	7,879	7,136	4,259
Affordable housing	**18,459**	15,825	6,500		
Other	**15,342**	15,306	13,865	12,715	13,052
Funds in Lieu – residential	**15,324**	18,248	22,509	20,468	17,470
Parkland reserve	**12,618**	6,590	11,022	9,279	5,801
LRT	**9,814**	4,870	1,512		
Tax-supported debt	**8,731**	5,283	4,165	3,169	6,566
Enterprise portfolio / Commonwealth Stadium	**6,752**	7,408	6,151	7,079	6,816
Benefit plan	**6,500**	5,661	4,770	4,467	4,413
Natural areas	**5,251**	4,290	3,122	2,122	873
	234,987	209,573	193,771	148,476	117,244
The Edmonton Public Library	**7,816**	5,154	3,220	2,965	2,602
	$ **242,803**	$ 214,727	$ 196,991	$ 151,441	$ 119,846

Source: The City of Edmonton Finance and Treasury Department.

RELATED BOARDS AND AUTHORITIES

Further information regarding the related boards
and authorities can be obtained from the following sources:

Edmonton Economic Development Corporation

3rd Floor, World Trade Centre Edmonton
9990 Jasper Avenue
Edmonton, Alberta T5J 1P7

Phone: 780-424-9191
Fax: 780-917-7668

E-mail: info@edmonton.com
Web: www.edmonton.com/eedc

Chair: Robert Carwell
President and CEO: Ron Gilbertson

Vehicle For Hire Commission

5th Floor, Allstream Tower
10250 - 101 Street
Edmonton, Alberta T5J 3P4

Phone: 780-496-5244
Fax: 780-496-6054

E-mail: taxicommissionadministration@edmonton.ca
Web: www.edmonton.ca

Chair: Hatem Naboulsi
Administrator: Phil Fearon

Edmonton Police Commission

Suite 171, 10235 - 101 Street
Edmonton, Alberta T5J 3E9

Phone: 780-414-7510
Fax: 780-414-7511

E-mail: info@edmontonpolicecommission.com
Web: www.edmontonpolicecommission.com

Chair: Brian Gibson
Chief of Police: Michael J. Boyd C.O.M.

The City of Edmonton Non-Profit Housing Corporation

4th Floor, Century Place
9803 - 102A Avenue
Edmonton, Alberta T5J 3A3

Phone: 780-496-5529
Fax: 780-496-1150

Web: www.edmonton.ca

Chair: Gail Fraser
General Manager: Terry J. Loat

EPCOR Utilities Inc.

EPCOR Centre
10065 Jasper Avenue
Edmonton, Alberta T5J 3B1

Phone: 780-412-3414
Fax: 780-412-3192

E-mail: corpafrs@epcor.ca
Web: www.epcor.ca

Chair: Hugh Bolton
President and CEO: Donald Lowry

The Edmonton Public Library

7 Sir Winston Churchill Square
Edmonton, Alberta T5J 2V4

Phone: 780-496-7000
Fax: 780-496-7097

Web: www.epl.ca

Chair: Joan Welch
CEO: Linda Cook

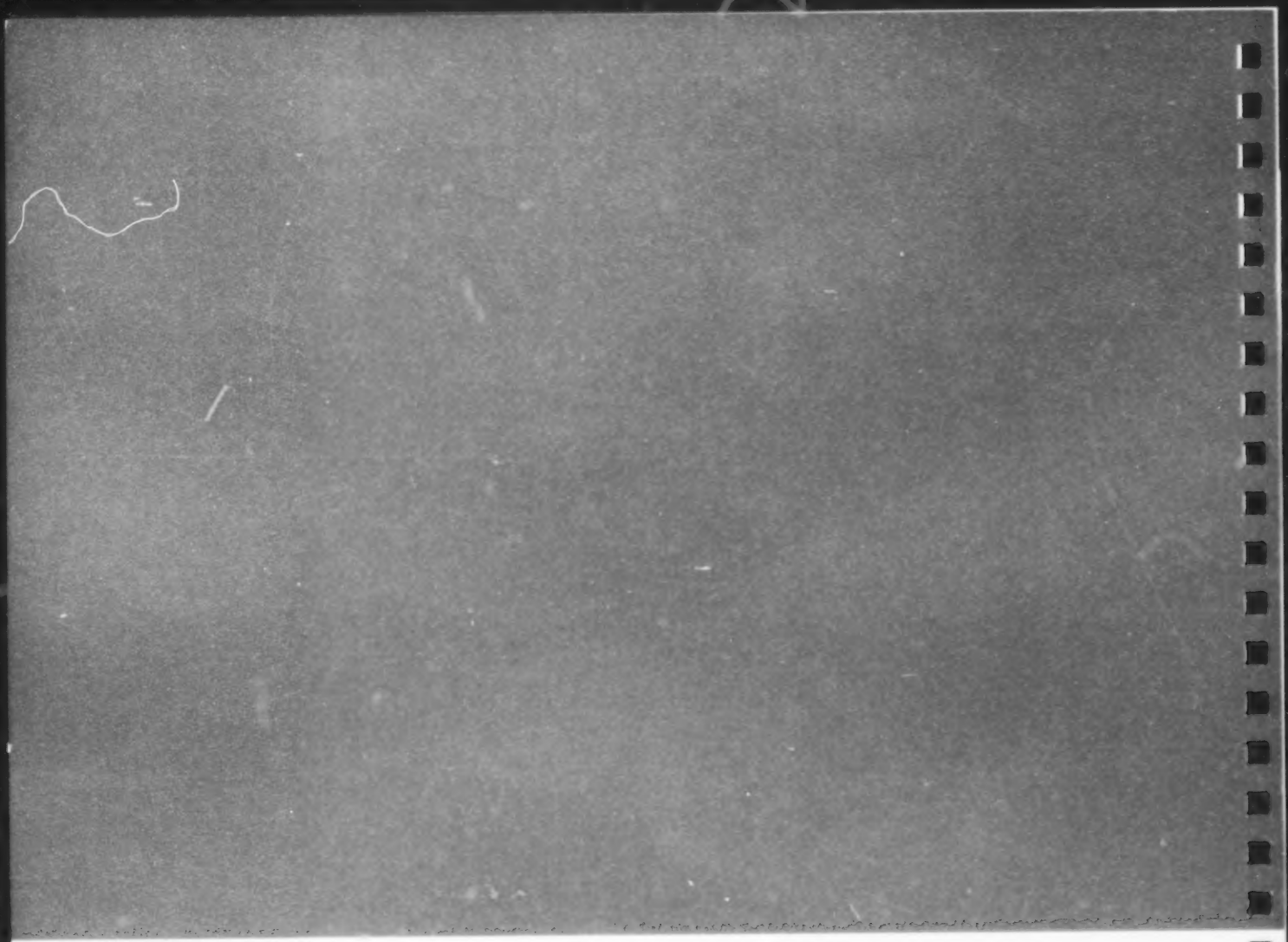
Information on the City of Edmonton is available through the internet

www.edmonton.ca

Inquiries may also be directed to:

The City of Edmonton
Finance and Treasury Department
12th Floor, Scotia Place, Tower 1
10060 - Jasper Avenue
Edmonton, Alberta, Canada T5J 3R8
780-496-4944

Design and Production: ARTSMITH Communications



Mixed Sources
FSC

THE CITY OF Edmonton